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Malaysia In The Era Of Globalization

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M. Bakri Musa

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For Karen

Wife, Editor, and Partner for Life

Nikmat Hidup

*Menahan fikiran aku tak mungkin
Menumpul kalam aku tak kuasa
Merdeka berfikir gagah perkasa
Berani menyebut yang aku yakin.*

—Haji Abdul Malik Karim Amrullah (HAMKA), Malay scholar
and philosopher

My translation:

Life's Bounty

*Censoring ideas is not my deal
Nor putting to rest my writing quill.
Fearless are those who dare to think
And put to words their inner being.*

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Notes and Acknowledgments

My target readers are primarily Malaysians and others interested in the political and socioeconomic development in Malaysia. But in an increasingly interconnected world, one can never be too restrictive either geographically or intellectually in one's intended audience.

This immediately creates problems in handling names and terms commonly used in Malaysia. For while they may be familiar to Malaysians, they require some explanatory notes for others. I have compromised by including a brief descriptive phrase the first time such personalities and terminologies appear in the text. At the beginning of the book I have an alphabetically arranged list with a more detailed explanation so readers may conveniently refer.

For reasons of clarity and brevity, I have dispensed with the titles and honorific of Malaysian personalities. I mean no disrespect. Likewise I have deleted common incidentals in their names like "Abdul," "Mohammad," "bin," and "Haji."

One commonly used term deserves clarification right from the beginning, "Bumiputra." This is a legal label referring to the indigenous people of Malaysia. They are entitled by statute to certain special privileges. Over 60% of Malaysians are Bumiputras, and of these over 90% are Muslim Malays. There are recognizable minority-Bumiputras who are neither Malays nor Muslims. I use the more specific term "Malay" when referring to this more restricted entity while reserving "Bumiputra" for the more generic group.

I am most gratified with and immensely grateful to the many readers of my first book *The Malay Dilemma Revisited* and my column in *Malaysiakini* (Seeing It My Way) who have taken their time to write me. For those readers who do not share my views, their disagreements have forced me to go back and reevaluate my arguments and assump-

tions. For those who do agree with me, well, it is always nice to have supportive readers! I readily welcome these readers with their different points of views. They make for an interesting and stimulating discourse.

Writing is a lonely exercise, and those responses help make the connections. Writing is also like throwing pebbles into water, one never knows how far the ripples go.

This book takes off from where my first book *The Malay Dilemma Revisited* left. As that book focuses more on Malaysia's past, it must necessarily be critical as it assesses and evaluates the impacts of the nation's various policies and initiatives. This book in contrast, looks to the future. It deals with what Malaysia should do to prepare itself for globalization. Consequently, writing it was much more pleasurable, as the book deals with ideals, promises, and hopes.

Special thank you and heartfelt appreciation to Din Merican, Senior Research Fellow, Cambodia Institute for Cooperation and Peace, Phnom Penh, for going over the manuscript. His many suggestions on content as well as style helped make the final version far superior to the original I sent him. Din and I are of the same generation. We share similar background, experience, and outlook. He is from a kampong in Yen, Kedah, and I am from one in Sri Menanti, Negri Sembilan. Din benefited from an outstanding graduate education in America and went on to serve his country. He represents what we should try to replicate among our young Malaysians. Although Din may not agree with many of the issues I raised here, nonetheless we both share the same ideals and aspirations for Malaysia. More importantly, we both love Malaysia, warts and all, and are optimistic about its future.

To my wife Karen, neither a simple thank you nor more profuse praise seems adequate to express my indebtedness and appreciation. Many of her weekends and evenings had been preempted by her reading the manuscript. Her nuanced suggestions of "It could be better!" to the more direct "They will never follow that!" helped make the prose flow smoother and the arguments tighter.

In the end this book is, as my clinical colleagues would say, my baby. I am responsible for its conception, content, nurturing, and final delivery. The imperfections and errors in the final product could easily be traced by their DNA to me!

It is my contention that Malaysia cannot withdraw from the global mainstream; it must be an active participant. The issue is how best to achieve that goal. In many ways Malaysia is already a major player on the world stage. Through moderation, tolerance, and understanding, Malaysia's diverse population is already an exemplary model for the world. And Malaysia's brand of tolerant and moderate Islam has given the faith a much-needed counterpoint to the headline-grabbing notoriety of the extremist few. Malaysia is already an acknowledged role model for many, especially in the Third World.

The challenges ahead for Malaysia is how best to compete and succeed in this era of globalization. This book is my small contribution towards that worthy goal.

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June 2002.
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List of Names, Terms, and Abbreviations

Abdullah Badawi	Malaysia's current Deputy Prime Minister
Anwar Ibrahim	Malaysia's disgraced former deputy prime minister
ASEAN	Association of South East Asian Nations
Barisan Nasional	The ruling coalition
Bumiputra	Indigenous people of Malaysia
Datuk Onn	First leader of UMNO
<i>Hadith</i>	Sayings attributed to prophet Mohammad (pl: <i>ahadith</i>)
<i>Halal</i>	Permissible by Islam
<i>Haram</i>	not permissible by Islam (sinful)
Hussein Onn	Third prime minister of Malaysia
Kampong	Malay village (idiom: insular state of mind)
Mahathir Mohamad	Current and longest serving prime minister
MAS	Malaysian Airlines System
May 13, 1969	Date of Malaysia's worst race riot
UMNO	United Malay National Organization, dominant ruling party
PAS	Party Aslam Semalaysia, The Islamic Party
<i>Riba</i>	Interest rate charged
Ringgit	The Malaysian currency (RM3.80=US\$1.00)
<i>Takaful</i>	Muslim concept of risk sharing (insurance)
Tun Razak	Much revered second prime minister of Malaysia

Ulama	Muslim religious scholar (singular: <i>alim</i>)
<i>Ummah</i>	The body of Muslim community
<i>Shari'a</i>	Body of Muslim law
Za'ba	Zainal Abidin Ahmad, Malay scholar

and not in adversarial terms. One sure way to make the outside world our enemy is to treat it as a potential one. Colonialism is now long gone; there is no need to resurrect it. No benefit would accrue in making it into our new or phantom enemy. Malaysians are more likely to progress if we are in partnership with the rest of the world, including those who were our former colonizers. Today globalization shapes the world. Malaysians must be able to participate actively in this new arena if we want to be on the next trajectory of development. The September 11, 2001 terrorists' attacks on America may have temporarily dampened the world's enthusiasm for globalization, but rest assured it is still very much a dominant force. We ignore globalization at our own peril. My third point is that the current preoccupation with special privileges is precisely the wrong approach especially now that we are in the era of globalization. The more pertinent issue is how to make *all* Malaysians, Malays in particular, competitive. If we are competitive and productive, we will be able to contribute to the well being of the nation. Special privileges and other preferential policies serve merely to redistribute, not create, wealth. We should be encouraging our citizens to be makers, not takers in the economy. We must first create wealth before we can distribute it. Besides, excellence has never emerged from behind protective barriers.

Societies do not develop in a linear predictable pattern, rather in starts and spurts, with many ups and downs. Often changes are forced upon them by specific stresses and events, both from within and without. The arrival of Islam lifted the ancient Arabs out of their Age of *Jahiliyah* (Ignorance). On the other hand, the arrival of Christian Spaniards to the New World devastated the Aztec civilization. In the first instance the challenge was from within and the development was positive; with the second it was external, and the consequences destructive.

Malaysia's own recent history is instructive. Unlike many Third World countries that had to fight for their independence, Malaysia chose the more civilized route of negotiations rather than resorting to

glorified wars of independence. (Honoring those who were killed in such struggles as "freedom fighters" or "national heroes" do not in any way lighten the sense of loss felt by their loved ones.) Malaysia then went on, with some hiccups along the way, to be a successful modern state. Why was Malaysia's experience with colonialism and its consequences so unlike that of Algeria or Indonesia? Where did Malaysia go right and the others wrong?

The enduring qualities of the West that are worthy of our emulation are its commitment to a civil and open society, representative government, and free enterprise. We must learn from the West to respect the dignity of the individual and be tolerant of and receptive to new ideas.

By being receptive, Malaysians would be emulating Muslims of the Golden Age of Islam when they eagerly learned from the Greeks and Romans. Those early Muslims did not consider learning from the infidels sinful or wrong. They learned from them because the Romans and Greeks were the most advanced nations at the time. Early Muslims were certainly not insular; they mastered the existing state of knowledge and then went on to make their own seminal contributions for the benefit of all mankind.

Take the example of the Arabic numerals. The Muslims learned mathematics from the Hindus, Greeks, and Romans. The prevailing numbering system then was the Roman numerals, with their cumbersome letters. Thus IX for 9, X for 10, and XI for 11. While this is easy enough for low figures, the system becomes extremely cumbersome once we get to larger numbers. Try putting into Roman numerals the year 1828! (It is MDCCCXXVIII)

The Arabs came up with the decimal system that is so much more convenient and easy, and now universally adopted. Today Roman numerals are seen only on parchment papers of universities with classical pretensions, and to denote the Superbowl Championships. Equally worthy of note is that the Greeks and Romans readily accepted this new Arabic system because it was so much simpler. Try subtracting MCMVIII (1973) from MCMXCIX (1999)! The Romans and

Greeks did not insist that their existing system was the best and that they had nothing to learn from the upstart nomadic Bedouins.

Similarly today Malaysians must learn from the West simply because it is the most advanced and successful system. The fact that it is a predominantly White society of infidels is irrelevant and should not deter us. Our only concern should be what aspects of the West are worthy of our emulation.

I am reminded of the commercials of many "get-rich-quick" schemes where the promoters would earnestly (and with feigned hushed tone) expound on their secrets to success. The way to be rich, they would intone with such gravitas, is to study the rich and follow their ways! A revelation that seems at first blush both blarney and profound. To be successful, emulate those who are! I venture this is sound advice for individuals as well as nations.

The crucial question is, what aspects of the rich and successful must we try to emulate? For if one begins by imitating their expensive lifestyles—exotic vacations, splashy cars, and fancy dinners—that would surely be the fastest way to the poor house, even if one's brother were the Sultan of Brunei. Those things are merely epiphenomena, that is, they are the superficial manifestations of success, and not the cause.

Consider Bill Gates, the American billionaire software genius. If all one sees is his grandiose lakeside mansion in Seattle or his hopping around in private jets, then one is missing the point. But if one reads about his being a studious student and smart enough to be accepted to Harvard, then maybe one is on to something useful. Granted, Gates dropped out of college but I would not recommend that to anyone. Instead read about how hard Gates worked to market his first software, the disc operating system. (Remember old DOS?) Consider how committed he was to that project to the extent that he was willing to give up Harvard. And how he struggled to have IBM, then the sole industry giant, accept his software. Fortunately for Gates, IBM did not buy but merely licensed DOS. What a bonanza that later proved to be for him.

Had he successfully persuaded IBM to buy his operating software, he would now be just another brilliant tinkerer in that vast corporation.

So in advising Gates wannabes, I certainly would not recommend that they drop out of college. Instead I would exhort them to study hard at school so they would be accepted to a top college, and then strive diligently at their chosen career.

Similarly with nations; there is much that Malaysia can learn from successful nations of today and great civilizations of the past. In our study however, we must be careful to differentiate between useful causative factors and the epiphenomena.

Lest we think that the current state of affairs (with the West reigning supreme) is the natural order, it is good to be reminded that centuries before Shakespeare was penning his sonnets, the Iranian mystic poet Jalal al-Din Rumi was already producing volumes of his spiritual couplets, the *Masnavi*. Today of course the Iranians and Brits might as well be living on different planets, so wide is the gulf separating their living conditions. In the past while England was mired in the Dark Ages, the ancient civilizations of the Middle East were already flourishing. Muslim scholars then were contemplating the wide universe beyond and experimenting with novel medical therapies while Europe was still convinced of the flatness of the earth and treating patients with leeches.

In the past such disparities between societies were hidden. Today with modern communications, the world is indeed becoming a global village, and an increasingly smaller one at that. What occurs in Afghanistan is immediately beamed into the living rooms of America and elsewhere. In the past such capabilities were the exclusive domain of journalists with expensive television cameras and satellite hook ups; today anyone with a digital video camera and an Internet access can do the same thing at a fraction of the cost.

Traveling to exotic destinations today presents very little challenge. Unlike the ancient Arabic explorer Ibn Battuta who took nearly a lifetime to travel the landmass abutting the Mediterranean, today a local

travel agent could arrange such a trip within minutes (or you could do it yourself on the Web), and you could complete a similar itinerary in a time frame of your choice. In your travels, instead of finding complete strangers and being unable to converse with them, you would more likely encounter natives who speak English and been educated in the West. Along the way you might stay at familiar lodgings like Hilton, and eat in recognizable restaurants like McDonald's. You might also encounter Malaysian businessmen peddling their wares and oilmen from Petronas exploring for oil and gas. The local colleges and *madrassahs* (religious schools) might even have a few Malaysians. When strolling in the market you would likely meet youths sporting T-shirts emblazoned with portraits of their favorite Western pop idols or athletes.

In the time that it took me to travel to the next village as a youngster would today land me in the opposite corner of the globe. With modern means of communications, glaring inequalities between nations and societies become just that—glaring, for all to see. The luxurious lifestyle of an American football star is flaunted not only to fellow Americans but also to children in the slums of Soweto and the back alleys of Bombay.

Similarly when citizens of oppressed societies see the freedom enjoyed in the West, they wonder why draconian laws and restrictions are shackling them back home. Previously the expression was, "Once they have seen Paris, you can't keep 'em down on the farm anymore." Today with globalization, Paris comes to them, via the television and Internet.

A FATHER'S QUERY

Growing up in colonial Malaya, my father insisted that his children attend English schools. This was surprising as my parents were Malay-school teachers and the country was then in the grip of intense nationalistic fervor, anticipating independence.

In his later years he confided to me his reasons. He wanted us, his children, to learn the ways and secrets of the English, and to discover what it was that made them so successful that they could control an empire. What was it about Britain, he wondered, an island half the size of Sumatra that it could produce a race that would control a vast portion of the globe? Why was it that the British colonized Malaysia and not Malays over Britain?

My father was not the first to ponder such matters.

The American biologist Jared Diamond, in his Pulitzer prize-winning book, *Guns, Germs, and Steel: The Fate of Human Societies*, recounted his experience with a tribal chief in Papua New Guinea at the end of the Second World War. At that time the Allied forces were regularly dropping supplies and other "goodies" to the troops and natives on the island. These "cargo" drops were much anticipated. To the Stone Age natives, these precious gifts were literally falling from heaven.

Their chief Yali, as befitted a true leader, went beyond simple wonderment. In a pensive moment he too wondered why it was Diamond's people (that is, White man) who were dropping the cargoes on the natives and not the other way around. The chief may be in a Stone Age surrounding and culture, but his insight and curiosity were on par with past and modern thinkers and philosophers.

Yali's question, as Jared referred to, was also on my father's mind during another major event in his life. During World War II the Japanese briefly colonized Malaya. He could not help but notice the vast difference between the behaviors of the Japanese masters as compared to the British. While the English were very successful in making Malays and others eager to learn and ape their ways, there was no love felt by Malaysians for the Japanese, despite their much-hyped profession of Asian solidarity. To be sure the Japanese were much respected, but this was out of fear and intimidation. Unlike the British, the Japanese were very much hated for their brutal and savage ways. There wasn't a Malaysian tear shed when they surrendered.

My father wanted to know why these two races, the Japanese and British, would turn out to be so very different as masters. Even more important, what was it that made them venture beyond their shores while Malays were content to stay at home.

This last point has not always been the case. After all, his father had migrated across the Strait of Malacca from Sumatra. Many in fact ventured far beyond the archipelago, landing on such distant shores as Madagascar. Malays back then were famed as seafaring people.

Historians, ancient and modern, have attempted to explain the rise and fall of great civilizations. Unfortunately I am no fan of that discipline, perhaps the result of botched-up teaching during high school. History is unfairly stamped on my mind as only dates, persons, and events; a narration of who did what to whom and, of course, when. Rarely is the fundamental question of why asked. And when it is, the answer would depend very much on one's (or the historian's) perspective.

The events of World War II would undoubtedly be interpreted much differently from the current version had the Japanese and Germans won. To the victor goes the privilege of writing history, observed Churchill. This bears emphasis. Today Westerners, that is members of the developed societies, write much of the literature on development. Rightly so, for few want to hear the views and theories of development propounded by socialists and communists. Theirs is a failed system. But we must be careful to separate propaganda on the virtues of the West from empirically proven successful strategies. Another useful caution is that what works in the West may not be necessarily so elsewhere. But that is no excuse not to study them, for if they are not applicable to our society, we should at least find out why.

A more problematic issue with the study of history is that human societies and conditions change. Thus factors and conditions considered favorable for development in the past may no longer be appropriate today. Indeed they may well be obstacles. This caution is necessary

in view of fundamentalist Muslims' obsession to enforce 8th century laws onto modern society.

A more fruitful pursuit in understanding the fate of societies lies in the sciences, both the social and natural sciences. Science after all attempts to explain phenomena with a view to predict and or alter subsequent events. That essentially is the focus of my enquiry.

Variations in the level of progress occur not only between but also within societies. Having lived in three different countries, I am very much aware of this. In Malaysia we have the Malay/non-Malay dynamics; in Canada, the Francophone and Anglophones; and in America, the Blacks and Hispanics versus Whites. When I hear discussions in America on the lack of Blacks and Hispanics in higher education, all I have to do is substitute Malays for Blacks and Hispanics, and the debates might as well have been in Malaysia.

When I was living in Montreal in the 1970s, the passionate arguments then was on the lack of French-Canadians at McGill University. Those heated discussions eerily echoed the equally impassioned rhetoric of an UMNO (United Malay National Organization—the dominant ruling party) Youth gathering. Only the geography and participants were changed, but the dynamics remained remarkably similar.

MALAYSIA'S PROBLEMS IN PERSPECTIVE

During my childhood I was very much aware of the gross inequities between the races in Malaysia. I was also keenly conscious of the racial undertones whenever minor social and economic conflicts arose. Even seemingly innocuous neighborly disputes could quickly escalate into major racial confrontations.

I remember how an innocent and inconsequential labor dispute at Malayan Railway in the late 1950's quickly degenerated into an ugly racial confrontation, simply because most of the workers were Indians and the managers, Malays. It took the swift action of an economics

professor, Ungku Aziz, to prevent that conflict from degenerating. A decade later in May 1969, a boisterous electoral victory parade by a predominantly Chinese party precipitated the nation's worse race riot.

The successive governments of Malaysia, from the colonial British to the present, have long grappled with the race problems with varying degrees of success. Out of that 1969 national tragedy emerged the New Economic Policy, with its objectives of eradicating poverty and the "identification of race with economic functions." The dangerous gaps separating the various communities in Malaysia have now narrowed considerably; nonetheless inequities still exist and continue to be a major source of social instability. Malaysia's problems however, are not unique.

A year after the Malaysian riot and in the opposite end of the globe, I would once again be caught in the maelstrom of another interracial conflict. It was in Montreal, this time between the French- and English-Canadians. Although the number of casualties was nowhere comparable to the Malaysian *melec*, nonetheless qualitatively, the dynamics were similar.

That Canadian rage erupted when members of the separatist Front de Liberation du Quebec (FLQ) kidnapped a Francophone provincial cabinet minister and the British consul. The diplomat was later released unharmed, but the minister was savagely murdered, his body dumped into the trunk of an abandoned car. That crisis precipitated a civil unrest the likes of which Quebec and Canada had never seen. The War Measures Act was thrust onto Canadians; overnight they saw their cherished freedom taken away. That conflict also saw armed troops marching and heavy tanks rolling down the streets of Montreal. The scenes were reminiscent more of a banana republic rather than a modern nation.

Canada, like Malaysia, has come a long way from those ugly days of a generation ago. But in many parts of the globe today we still see ugly ethnic conflicts, and the participants in each of those disputes insist on

the righteousness of their claim and on the uniqueness of their particular position.

Malaysia has the added problem of its socioeconomic cleavages paralleling racial lines. Again this is not unique. With the massive migrations and arbitrary drawing of political boundaries in the last century, many countries have ethnically and culturally diverse populations, and the attendant inter-communal inequities. Much of the world today is still consumed with irrational ethnic and racial hatred, from Europe (Northern Ireland and the Balkans) to Africa (Nigeria and Rwanda), and Asia (Sri Lanka and Fiji). Thus Malaysia's experience in dealing with her interracial problems has worldwide relevance.

Canada, like Malaysia, had its own interracial problems. The socioeconomic differences between the French and English there were obvious. The province of Quebec may be overwhelmingly French, but signs in that language were practically non-existent in downtown Montreal. The executive suites there were more likely to be filled with a Baker, Smith, or Wilson, rather than a Beauchamp, Dumaine, or Poirier. At least that was the situation back in the 1960's.

These differences extended beyond the social and economic arena. I remember being perplexed by a case of fever in a young French-Canadian girl. A senior English-Canadian doctor casually suggested that I look at the patient's teeth and remarked rather crudely that French-Canadians had "rotten teeth." Sure enough, she indeed had severe cavities and gum disease. Thus even oral pathology follows racial lines. To what extent such differences reflect differing socioeconomic status or merely the function of genetics, diet, or culture is not known.

A decade later in California, I was again struck by the glaring inequities between the different communities. The dynamics were more complex involving Whites, Blacks, and Hispanics. Every so often America's race problems would explode, as in the Watts riot of 1960s and Rodney King of 1992. That second eruption followed the acquittal of four white policemen who were caught on videotape senselessly beating up an unarmed black man, Rodney King.

Even when the citizenry of a nation is relatively homogenous, differences can occur, for example, between regions. Coastal regions of China are more developed and readily adopt free enterprise, while its central regions remain mired in totalitarianism. And conflicts between the two occur regularly.

Thus the study of how societies develop is relevant to understanding inequities not only within but also between nations.

A DISCUSSION ON CAUSATION

The numerous theories to explain why some societies develop and prosper while others languish and stagnate revolve around three broad themes: biology, geography, and culture. The first two factors are immutable; there is nothing that can be done to change a nation's biological heritage or geographical attributes. Culture on the other hand can and does change.

The popularity of the various theories varies with time. The prevailing view often coincides with the beliefs held by members of the dominant societies of the day. During the heyday of imperialism, biology took center stage. The Europeans, being the most advanced nations, easily believed that they were favored by nature and endowed with the most desirable characteristics: God's perfection personified. The "White Man's burden" mentality (they considered themselves divinely chosen to lead others) was a reflection of this belief in their inherent superiority. Later, with the discovery of the importance of natural resources and trade, geographical attributes and strategic locations became popular explanations. The current favorite revolves around culture. That is, there is something in the cultures of various societies that either predispose (or cause) them to develop; or conversely, impede their progress.

Before proceeding further, I will define the meaning of causation.

When A causes B, it means that altering A will effect changes in B. Or, without A, B will not happen. Thus when one says that an opaque

object blocking a ray of light causes a shadow, it means that without that opaque object, there will be no shadow. Substitute a transparent glass, and there will be no shadow. Further, by altering the shape, size, or position of the opaque object, we likewise directly alter the characteristics of the shadow.

Going further, by studying the physics of light, one can manipulate or eliminate shadows even if there is an opaque object blocking the rays. Experienced photographers, by manipulating the different angles of lights, can neutralize and eliminate annoying shadows.

In life however, events are not always quite so clear. I illustrate this by using the example on the "cause" of malaria.

In ancient times malaria was known as "black water fever," an apt description as the disease was associated with brackish waters and swamps. This was a valuable observation, for by draining swamps we reduced the incidence of the disease. Fewer swamps, fewer cases of malaria. Thus the ancients rightly concluded that swamps *caused* the disease, hence the name. It did not matter what was the actual intermediary, at the practical and operational level, the draining or eliminating of swamps effectively reduced the incidence of the disease.

Village Malays may attribute malaria to the *hantu* or spirits of the swamp, but it matters not. It is the swamp that ultimately caused the disease, the *hantu* being merely an intermediary, a vector in modern epidemiological parlance. Stay away from the swamps and their *hantu*, and you are spared the malady.

Later we discovered that mosquitoes "caused" malaria. Operationally that was a more valid and useful explanation. Get rid of the mosquitoes and we eliminate the disease. In terms of efficacy, this was a better and more specific explanation as it explained the household transmission of the disease and why the disease could occur in non-swampy areas. It also provided a more efficient and cheaper way to control the disease. Instead of using expensive earth-moving equipment to drain swamps and upsetting the ecological balance, we could

invest in cheap mosquito nets or insecticides. Thus this discovery was an improvement over the earlier model.

Now biologists know that mosquitoes do not "cause" malaria, rather it is the single-cell parasite, the protozoon *Plasmodium* that is the real culprit. The mosquito is merely a carrier. Again this is a far more accurate explanation. It explains how the disease can be transmitted in the absence of mosquitoes as in rare cases through blood transfusions; and why some Africans with a particular red cell trait (sickle cell) are more resistant to malaria.

Is *Plasmodium* then the ultimate truth or cause? Perhaps in the future scientists will discover something else. Maybe it is a virus within the parasite, or perhaps a protein component in the coating of the parasite that is responsible for the fever and disease.

But for now the knowledge that *Plasmodium* causes malaria is very useful as drugs could be developed targeting the parasite. But this explanation also raises hosts of other interesting questions. For example, why does the body not reject this foreign organism as it would a transplanted kidney? So the enquiry goes on. And if it is a virus within the protozoa or the protein coat of the parasite that causes malaria, then one could conceivably develop vaccines to prevent the disease. Indeed modern research in malaria is aimed towards this very goal of prevention by vaccination.

Meanwhile whatever the ultimate or true cause of malaria is, each level of explanation, from the swamp spirit to the protozoal parasite, provides its own utility.

Many of the studies I will cite in this book are culled from the social sciences, especially economics. Unlike in the natural sciences where the findings and observations can be tested in a controlled environment, few such opportunities are afforded in the social sciences. Whereas in the "hard" science we can confidently proclaim that A causes B because by experimentally altering A effects changes in B, in the social sciences the statement is stated differently: A is *correlated* with B, with no mention of causation. This means that when A changes, so does B. It does

not mean that A causes B; correlation is not causation. It may well be that whatever conditions that caused A to change also affect B. This caution is necessary lest we fall into the ridiculous trap of trying to curb ice cream sales to prevent drowning, based on the study that increased ice cream sales (as in summer) correlate with rates of drowning. In truth of course the warm summer days cause many to consume ice cream as well as go swimming, hence the correlation.

Such spurious correlations may not always be so readily apparent. Studies show that students who graduated from elite universities consistently earn more than graduates of lesser-known institutions, leading many to credit those august universities. This seems to make sense too. But later studies comparing students who went to elite universities with those who were accepted there but instead chose to attend a lesser-known school, revealed no difference in their later earnings. Thus it is the same qualities (diligence and intelligence) that enable the students to get accepted at the top universities that are important and valued in the marketplace, regardless of where the students study. In short, it is not the university that matters, rather the individual.

Unfortunately many social science findings are not so readily validated. For example, a recent study by the World Bank reveals that developing countries that embrace free trade and globalization grew nearly five times faster than those countries that do not, and nearly twice that of developed countries. The Bank concludes that developing countries should embrace globalization in order to grow. Although I agree with that sentiment, there are other possible interpretations. It could be that whatever qualities those developing countries have that made them adopt globalization also promote growth, for example, ready acceptance of new ideas.

In discussing the various factors in human social and economic development, I am using the term causation in the manner of *Plasmodium* causing of malaria. That is, I am seeking those aspects that we can modify in order to promote development. I am more concerned with those elements that have utilitarian values, that is, those factors

that we can do something about. This caveat is necessary because although I will be quoting various theological and religious arguments, it is my conviction that the present state of affairs of the various societies is the consequence of the activities of man, and not the will of Allah. The important corollary is that those very same factors *can* be modified. If I believe that everything is predestined—the will of Allah—then we might as well close the book. No further enquiry is warranted.

THE OUTLINE

This book is divided into two parts. The first, Perspectives on Development, begins with the chapter exploring why some societies progress while others regress. The chapter following recaps the lessons of past societies that successfully overcame their stagnant conditions and then went on a trajectory of progress. The examples I choose are early Islam, the European Reformation, and the Meiji Restoration. The chapter after that covers three contemporary model states: two are positive examples—the “Asian tiger” (South Korea) and the “Celtic tiger” (Ireland)—while the third is a negative one, Argentina. I conclude this first part with a chapter on globalization, *the* prevailing dominant force shaping the world today.

Globalization is now a reality. While there are imperfections and inequities with the system, nonetheless for small nations like Malaysia it is best not to dwell on them. Suffice that Malaysia should concentrate on avoiding and minimizing the pitfalls, and on better preparing her citizens to face this new reality and its associated challenges. Once Malaysia is a full and active participant in globalization, then it will be in a better position to improve the system. Until then it is presumptuous for Malaysians to preach to the larger world.

The second part, Transforming Malaysia, deals specifically with how Malaysia can best position itself for the next stage of development by taking full advantage of globalization and free trade. I begin with

Chapter VI by taking stock of the nation, its assets and liabilities, paying particular attention to those factors that must of necessity be either assets or by default, they will become liabilities. For example, Malaysia's plurality can be considered an asset if we leverage that to prepare our citizens to be tolerant of the different cultures. On the other hand, our multiracial society could easily trip the nation into becoming another Bosnia if we allow our differences to divide us. The chapter following that deals with how best to enhance our most precious asset—our human capital. The chapter on culture, institutions, and leadership examines how those elements could be enhanced in preparation for globalization. As Islam is a major influence on Malay culture, I have a separate chapter examining its impact on law, education, and the economy. Because of the centrality of the institution of law, I devote an entire chapter on Freedom, Justice, and The Law. The last but one chapter is my plea for Malaysia to adopt the only economic system that has proven to be successful in alleviating poverty in the greatest number of people: free enterprise. I conclude with my specific prescription on how best to transform Malaysia. This is in the format of an open letter to the prime minister.

Malaysia's goal at this stage should be a modest one. That is, how best to prepare its citizens to meet the challenges of and to benefit from globalization. This book is my small contribution towards this goal.

2

Why Some Societies Progress, Others Regress

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Man is the child of customs, not the child of his ancestors.

—*Ibn Khaldun, 14th century Muslim historian*

The development of human societies can be analyzed from three perspectives: biology, geography, and culture. This classification is arbitrary, adopted for the convenience of discussion. In reality the factors are interrelated.

Briefly, the theories that favor biological factors posit that there are inherent differences among humans such that certain groups are favored or better endowed with capabilities that facilitated their progress. Conversely, others are less fortunate. Stripped of its sophistry, these are essentially racist viewpoints. It was such thinking that gave rise to Hitler's fascist regime, with its attempted extermination of not only members of the "inferior" races but also Germans deemed not "up to snuff." In Australia it was manifested in its discriminatory immigration policy; in South Africa, its abhorrent and now defunct apartheid rule. In ancient times it was the Chinese who proclaimed they were the best, smugly declaring that they had nothing to learn from the barbarians of the outside world.

Theories based on geography emphasize the role of the physical environment and climate in human development. Intuitively one can be easily persuaded by this argument. A nation blessed with abundant

natural resources would be more likely to thrive and prosper, compared to one that is barren and harsh. Civilizations are not likely to thrive in extreme climatic zones like the tundra, rather in fertile alluvial plains of great rivers like the Nile and Indus.

The third of the series of theories presume that human progress is more a function of the social institutions and culture. Some cultures are resistant to changes and new ideas, others more receptive. The latter would be more likely to develop faster.

It is also easy to see how these three main elements are interrelated in charting the course of human history. It is not coincidental that the monotheistic faiths—Judaism, Christianity, and Islam—originated in the desert of the Middle East. In the vastness of the barren sand, with the stark contrast between life and death, desert and oasis, the scorching heat of the day and the frigid cold of the night, one sought a unifying theme to relate these profound differences. Thus the belief in an omnipotent deity took hold, to bridge the polar extremes and to link the present world with the hereafter.

Faiths like Buddhism and Hinduism that began in warmer climes view the cosmos differently. Inhabitants of the lush tropics with their different hues of life forms instead of the stark, dichotomous contrasts of the desert developed a belief in multiple deities and in reincarnations. The dead tree in the forest is not really dead, but gives rise to multiple life forms—fungi, ants, and worms. The variety of colors and sounds of the jungle make absolute silence impossible. This richness in the environment is reflected in their belief in the different deities—thus a god for this, and another for that.

Similarly there is a close relationship between known biological traits and geography. For example, the sickle gene trait common among African Blacks confers certain survival value in the tropics. With it the human hemoglobin takes a particular form that makes it resistant to malarial infection. Also, the dark skin of tropical people protects against the cancer-inducing ultraviolet rays of the sun. Melanoma, a deadly skin cancer, is predominantly the disease of fair-

skinned individuals. And if biology affects such physical attributes as forms of hemoglobin and skin color, it does not take a huge leap in imagination to extend it to other human qualities, including the propensity to progress. Geography thus operates through the process of natural selection, by enhancing the survivability of those with particular favorable traits and gradually eliminating those less fortunately endowed.

The difficulty with using biology and geography to explain the progress of human development is their limited utility. Members of a society are either lucky to possess the inherent "good" biological attributes, or lacking that, they would be trapped and doomed. Likewise with geography; a country is either blessed with a balmy climate, endowed with rich resources, and located in a desirable strategic area, or be cursed with a barren desert, devoid of precious minerals, and located at land's end. Nothing can change those fundamental facts. Granted, air conditioning has turned the hot humid American Southeast into "sun belts" and central heating makes living in Canada more bearable, but beyond those simple adjustments there is nothing much that can be done to alter the environment. That being the case, there is not much sense in studying such factors, as we cannot alter them; it would be purely academic. Human societies would then be at the mercy of their biological and geographical attributes—a form of pre-termination no less crippling than the more familiar religious one.

BIOLOGY IN HUMAN HISTORY

It is easy to fall for the trap of biologic determinism. In surveying the globe today, the most advanced nations are in Western Europe, America, and Australia. These are, to use a familiar term, White man's countries. Meanwhile the whole of tropical Africa is backward and primitive. The most obvious difference is the skin color of their inhabitants. Skin color thus becomes the most identifiable and ready surrogate indicator to explain differences in other abilities. As skin color is

biologically determined, it therefore follows that these other abilities must also be so determined.

The Japanese take comfort in their light skin color to give them the confidence to compete with Caucasians. In the days of apartheid South Africa, the Japanese were genuinely flattered when given the status of "honorary Whites." They had "made it," at least in their own eyes as well as to the racist South Africans. Over a century ago Japanese writers, realizing how backward their people were as compared to the exploring White men who ventured upon their shores, exhorted their countrymen to intermarry with the invading foreigners so as to infuse the beneficial "white" genes into Japanese society. And following the Meiji Reformation and the opening of Japan, the Japanese were falling all over themselves to ape the ways of the White man.

Nor are these sentiments confined to ancient Japanese. In a recent survey, young Singaporeans openly declared their desire to be "white." Thus they unabashedly adopted Western ways and mannerisms. So much for the voluble exhortations of their leaders on the supposed superiority of Asian values. To think that Singaporeans are among the most educated and "developed" of Asians. Despite that they still think that for them to be considered really "advanced" they have to be White. Unable to be that physically, they are reduced simply to imitating the ways of the White man. Thus they are not content with their birth names that reflect their rich heritage, they want them anglicized. Simple Lee Boon Guan or Chin Chong Cheng will no longer do; they want them "modernized" (read: anglicized) to Robert B. G. Lee and Christopher C. C. Chin. They pay for expensive private music lessons so their children can learn to play Mozart; but ask those children to name one Chinese composer or play a bar of classical Chinese music, they will give you a puzzled look. Their repertoire runs the gamut of Bartok to Beethoven, not some tinny Chinese opera. Facial plastic surgery, to create that idealized Western look, in particular the fashioning of an epicanthic fold, is consequently very popular. But as the saying goes, it is not so easy to White a Wong! Oops, right a wrong.

Recently their Deputy Prime Minister, in a rare and clumsy attempt at displaying modesty, admitted how in school he had nearly failed his Chinese class. What this graduate of Cambridge and Harvard seems to say is that the study of his own language did not merit the expenditure of his considerable intellect. He would rather spend them on other worthwhile activities, like trying to be a White man.

This implicit acceptance of the superiority of the White man is found not surprisingly, among Caucasians. While crude expressions of racial supremacy are today not politically correct, at least in the West, nonetheless such ugly sentiments are now camouflaged in scholarly and sophisticated forms. Thus instead of blatantly proclaiming the superiority of the White race, they now resort to subtle statistics to demonstrate differences in the "inherent abilities" of the various groups.

In their highly controversial book, *The Bell Curve*, two American social scientists purported to prove that the differences in the cognitive ability (read: intelligence) of the various races in America are not the result of cultural factors but in the inherent nature of these people. Stripped of its pseudo-scientific and fluffy scholarly verbiage, these authors say in effect Blacks and other poor minorities are backward because of their inherent ability. Essentially, it is in their biology.

The problem with using biology to explain the conditions of human societies is that one finds many ready exceptions. America and Western Europe may be developed but alas a large swath of the "White man's" land is still Third World: Russia, Eastern Europe, and Latin America.

Viewed through the prism of history, this biology theory falls apart. While London was still a village in the Dark Ages, cities in the Middle East like Baghdad were already flourishing and the centers of civilizations. Similarly the Chinese already had an organized system of governance of the state when Britain was nothing but a collection of feudal fiefdoms.

The ascendancy of Western civilization is a recent phenomenon, a fact often ignored by the proponents of Eurocentric perspectives on the nature of the ideal society. Concepts such as the separation of church

and state (secularism) that are viewed today as universal are nothing more than the expression of European ideals. Delving into this more deeply, one discovers that this was purely a reaction to the excesses of the church in medieval Europe. Had I been writing in the 11th or 12th century, at the zenith of the Islamic civilization, I would in my thinking definitely be Islam-centric, with the article of faith being that there was unity of State and Faith, with no differentiation between what is due to God and Caesar.

One cannot however, ignore the defining role of biology in human history. The near wiping out of the native population in the New World with the coming of the Spanish Conquerors was not purely a function of the superior military might of the invaders. The conquistadors unwittingly brought with them the most potent of weapons—biological. The natives were nearly annihilated by the new viruses and other pathogens for which they had scant immunity. The Europeans, having been exposed to these organisms through their long contact with domesticated animals, had developed immunity, but not the poor New World natives.

The reverse is also true. Many a colonialist and their families succumbed to the deadly scourge of tropical pestilence like malaria. The natives to a certain extent were protected. At the population level, the impact of such biological traits would not be apparent for generations. But occasionally when they affect certain critical individuals, the impact can be both profound and immediate, as exemplified by the last Czar of Russia.

Nicholas and his Empress Alexandra were desperate for a male heir. Their prayers were finally answered with the birth of their fifth child, Alexis. Their joy was short-lived as Alexis was soon found to be afflicted with hemophilia. As any mother would, the Empress suffered through the pains of her beloved son, the sole heir to the throne. She became obsessively protective and consumed with the fate of the future Czar.

When there is a personal problem especially within a loving and close-knit family, all other matters become secondary. And when that happens to the first family, then matters of state become neglected. There were many reasons for the collapse of the Russian empire and the subsequent success of the Bolshevik Revolution, but it certainly did not help that the Czar was distracted by the sufferings of his beloved son. Would the fate of the Russian empire be different had the Czar and his consort not been distracted by and consumed with their frail son? In their desperations they became vulnerable to sinister and self-centered influences, exemplified by the character Rasputin, now a metaphor for all things manipulative and evil.

Hemophilia in a Czar-to-be is only one example of the dramatic impact of biology on society. The mutation for this disease was believed to have started with Queen Victoria and spread throughout Europe's palaces through inbreeding. This fondness for close relatives is typical of aristocrats of many societies, past and present. In Malay society too, royal inbreeding is still very much the pattern. Although there is no single disease comparable to hemophilia among the Malay sultans, nonetheless one wonders of other subtler consequences. The present aberrant and juvenile tantrums of the Brunei royal family (and some of Malaysia's own) may well be a manifestation of one too many inbreeding.

A corollary to the acceptance of biology as a determinant of human development is the concept that biology also explains individual human behavior. Only a few decades ago scientists were consumed with measuring and quantifying various skull shapes and bodily conformations in the belief that certain body forms and shapes were correlated with certain behaviors and traits. The entire discipline of criminology was once consumed with such anthropometrical studies.

"History followed different courses for different peoples," writes Jared Diamond in his *Guns, Germs, and Steel*, "because of differences among peoples' environments, not because of biological differences among people themselves." I interpret the meaning of environment

here broadly, to include not only the physical but also the social and cultural milieu.

To dismiss biology is not to say that there are no discernible differences among the various races. Indeed, modern biology reveals many pertinent and important variations among different populations. The distribution of certain diseases, blood and genetic tissue types, and the propensity to develop certain maladies are not randomly distributed. Such knowledge is very useful. High blood pressure in certain ethnic groups responds better with certain medications but not to others. Certain environmental conditions (for example high calorie, high fat diet) would impact some racial groups more than others. Note the beneficial use of such insights on human biology, not to aggrandize a particular race over another but to help humanity. Yet another insight of modern biology is the recognition of the considerable variations within a racial group and wide overlapping between groups and races. It is this variability that makes human stereotyping so unproductive and destructive. This diversity is also what makes human society possible. We cannot be a society if we are all clones; we would then be like a colony of bacteria.

GEOGRAPHY AS DESTINY

It is easy to understand and to accept the premise that geography plays a major role in deciding the fate of a nation. Intuitively one can readily see that the Arabs are fabulously wealthy because of their vast oil deposits. Economists have long clung to the idea of comparative advantage afforded by the luck of geography. Portugal's Mediterranean climate enables it to produce cheaper and better wines than Britain. The easy availability of coal in Britain on the other hand, made possible the steam revolution. Access to navigable waterways and oceans confer immense advantages. For this reason Malacca was a center of vigorous Malay civilization for a long time. Through international commerce and the consequent intermixing of various cultures, Islam

entered and became established in the Malay world through that port city.

Yet like many ideas that seem right, geography cannot be the full answer. There are too many exceptions of countries doing well despite seemingly no natural resources or favorable geographic factors. Hong Kong and Singapore are two oft-cited examples. But even here one cannot ignore geography entirely. Hong Kong enjoys the proximity of a huge hinterland, China. Singapore too, despite the irritatingly frequent boasts of its leaders to the contrary, is blessed with its strategic location on the maritime trade route between the Far East and Europe, and a protected natural deep-water harbor. These are not inconsiderable assets. As realtors endlessly remind us, location is everything.

Favorable geography alone is not enough. Many nations blessed with abundant natural resources and favorable geography remain stagnant, their people languishing in poverty. Brunei may enjoy one of the highest per capita incomes but its people are essentially Third World peasants. One can easily imagine that country reverting to its original tropical swamps and its ruler reduced to the level of the Sultan of Sulu once the oil runs out. Africa contains the largest deposits of many valuable minerals and has huge potential for hydroelectric energy, yet that entire continent remains backward and poor.

Geography as an academic discipline too has also fallen on hard times, with major American campuses beginning with Harvard dispensing with it. Matters once under its purview are now relegated to earth sciences and geology. Only ancient British universities like Cambridge still have a Department of Geography.

Geography however, has a long history. The Greek philosopher Ptolemy in his *Geographica* divided the world into six geographic zones according to climate, and concluded that the areas most conducive to human civilization are the middle zones—the Mediterranean climate—where of course Greece happens to be located. The extreme zones, the polar north and hot tropical band, were deemed not conducive for human civilization.

Ibn Khaldun, the 14th century Muslim historian in his *Muqaddimah* (An Introduction [to the study of History]), expanded on this Hellenic observation. "Environmental differences," he wrote, "affect and shape man's character, his appearance and his customs. The best conditions for human existence obtain in the middle regions of the earth, between its northern and southern extremes." Ibn Khaldun too divided the world into several zones ranging from the tropic to the tundra, but he went further to boldly state that climate and the physical environment affect people's character. Thus:

Now Negroes live in the hot zone. Heat dominates their temperament and formation. Therefore, they have in their spirits an amount of heat corresponding to that of their bodies and that of the zone in which they live....Excitability is the direct consequence.

Egyptians [in the heat are] dominated by joyfulness, levity, and disregard for the future. They store no provisions of food, neither for a month nor a year ahead, but purchase most of it in the market.

Fez in the Maghrib on the other hand, lies inland and is surrounded by cold hills. Its inhabitants can be observed to look sad and gloomy and to be concerned for the future."

He further elaborated on the role of the food supply in shaping the culture, physique, and character of a people. Thus,

"We find that the inhabitants of fertile zones where the products of agriculture and animal husbandry as well as seasonings and fruits are plentiful, are, as a rule, described as stupid in mind and coarse in body. Those who lead a frugal life and are restricted to barely and dirt...are superior both intellectually and physically."

Essentially, we are what we eat! Or, adversity builds character!

The Malay scholar Pendita Za'ba, in a 1933 essay entitled *Kemiskinan Orang Melayu* (Poverty Among Malays) wrote, "The geography of

our country, with its fertile soil and abundant flora which provide for easy sustenance together with our oppressively hot climate, are reasons often cited to explain why Malays are sluggish and backward. That is, we are not as diligent and hard working as the immigrants because we had no need to. Everything has been easily and amply provided for." But he went on to suggest (a point often ignored) that "the factors of geography" alone cannot be the full explanation. He suggested two additional elements: first the role of religion (Islam); and second, culture. I will cover these two issues as they specifically affect Malays later (Chapters 8 and 9).

The most obvious effect of geography is on the climate. Having been born and raised in the tropics, lived through many a frigid Canadian winter, and now residing in California, I can personally attest to the salubrious effects of the Mediterranean clime. Many Americans too share my sentiment, as evidenced by the large number of new arrivals from such states as Minnesota and Iowa.

It is argued that the human body tolerates cold better than heat. I disagree. I prefer the tropics to the frigid Arctic any time; at least in the tropics I can always keep cool by taking off my shirt or having a shower. To keep warm in the cold entails adding more layers of clothing or starting a fire, both energy-consuming activities. In the tropics you can keep cool by not exerting yourself in the heat of the day; hence the cultural phenomenon of siesta. Only mad dogs and Englishmen would dare or be stupid enough to venture out in the heat of the day; the natives knew better.

Climate, as intimated by Ibn Khaldun, also affects personality. Many writers attribute the sunny, open, and warm personality of tropical inhabitants to the weather, in contrast to the frigid, icy behavior of the Northerners. Notice the similar vocabulary to describe human dispositions and weather.

Tropical dwellings too are open and airy, for ventilation and coolness, unlike the closed and insulated homes in cold weather countries. In a tropical home there is no distinction between the inside and out-

side; they just merge. When entertaining, guests are not cooped up within the confines of the living room but can easily flow out to the verandah and the outside. Malaysian homes also have their doors and windows wide open for ventilation, creating a welcoming aura. Entertaining in a temperate zone home, especially in winter, involves being cooped up. This does not favor long and leisurely conversations or create an atmosphere of openness. In Canada you hardly see your neighbor until the spring thaw. Not surprisingly, inhabitants of cold zones are prone to Seasonal Affective Disorders (SAD—depression).

I brought a Canadian guest to a *Hari Raya* (Eid celebration) party in Malaysia. At the end he was amazed at the number of guests he had met and yet somehow they did not overwhelm him. The reason was that people came and went, mingled in and out of the house, with some eating on benches outside. The atmosphere was like a party at a public park rather than in a home. Children too were tolerated because they were not in the way; they could be running outside the home. In contrast, in Western societies it is considered bad form to bring children along unless specifically invited. I can see why. All you need is a couple of kids running wild within the confines of a house to give everyone a headache. Malaysians visiting a similar party in an American home always wonder where the children are. Well, they are cooped up in the family room watching a movie under the watchful eye of the babysitter.

Geography has also been invoked to explain differences in personalities and temperament of inhabitants of the different regions within a country, as between northern and southern Italians.

Ibn Khaldun was the first to systemically study the development of society. To him urbanization, in contrast to nomadic lifestyle, represents an advance form of existence. Such concentrations of humans permit, among other things, the division of labor, a concept that predates by centuries the thinking of modern economists. Further, human society can only exist and flourish through the cooperative endeavors of all its participants on behalf of the common good. This "group feeling"

or group consciousness (*asabiyah*) is the glue that binds society. Groups that have strong *asabiyah* achieve predominance over others.

Contemporary social scientists have a modern term to describe this attribute: social capital. This is increasingly recognized as the glue that keeps modern society functioning.

CULTURE AND GEOGRAPHY: AN EXPERIMENT OF NATURE

In *Guns, Germs, and Steel* Diamond describes an experiment of nature to illustrate the influence of geography on culture. The vast expanse of the Pacific Ocean contains myriads of islands that are populated by Polynesians. They all have a common ancestry and in the millennium surrounding the birth of Christ their descendents independently colonized and inhabited the various islands. These range from large land masses (New Zealand, Hawaii) to tiny atolls; their geology ranges from volcanic soil to limestone outcroppings; their climate from lush tropical (Guam) to subtropical (Hawaii), and temperate (New Zealand and Chatham Islands). As these islands were separated by vast expanse of ocean, there were minimal subsequent interactions between the various settlers. They were thus left to chart their own future, conditioned by their unique physical environments. The original Polynesians shared the same culture, language, biology, and state of technological development. They were all familiar with domesticated plants and animals; they brought these species along with them as they settled the various islands.

A branch of the Polynesians, the Maoris, settled in New Zealand. The northern island was warm and suitable for the traditional Polynesian agricultural practices. They settled quite easily and their population grew with the abundant food supply. With the rapid growth, they developed pockets of high-density settlements and organized social and political entities along the pattern described by Ibn Khaldun. The fer-

tile soil enabled them to produce surplus food and thus freed part of the population from farming to engage in other specialized activities like soldiering and craftsmen. Their social structure too, advanced rapidly. But with their clusters of dense population, conflicts inevitably developed, resulting in frequent skirmishes and wars. Thus the Maoris were toughened by the frequent and deadly encounters and competition with their neighbors.

Five hundred miles to the east on tiny Chatham Islands, another branch of Polynesians, the Moriori, took a different path. Like their Maori cousins, the Moriori also were farmers, but the climate of their new abode did not permit them to practice their traditional skills. Their tropical crops would not grow, unlike in New Zealand. They thus reverted to being hunter-gatherers, depending on the ocean's bounty and the island's birds and animals for sustenance. They did not have surplus food and the population did not grow rapidly. Indeed they were aware of their precarious position and took steps to reduce their number by castrating their male infants. Unlike the Maoris, the Morioris did not have the chance to specialize into warriors, farmers, and chieftains. Being isolated and in dire straits, they learned to get along with each other, renouncing armed conflicts as means of resolving issues. They had no warriors or established social structures. Out of necessity in their harsh environment, they sensibly accepted the futility of armed conflicts.

In 1835 the worlds of the Moriori and Maori collided, with devastating consequences to the former. Two shiploads of armed Maoris discovered the Chatham Islands, and with their superior weapons and warrior skills, easily subjugated the peaceful Morioris. The Maoris were ferocious invaders, slaughtering the non-violent Morioris with no difficulty or mercy. This brutal outcome of an asymmetrical encounter of two different subcultures was predictable.

The Maoris and Morioris may have all descended from the same stock, yet after only a few centuries separated from each other and con-

ditioned by their new unique physical environments, their societies became radically different.

I can cite many more examples of such asymmetric encounters between different cultures that resulted in equally devastating consequences. Geography, not biology, sealed the fate of the Marioris.

Malaysia too has seen its share of asymmetric cultural clashes. When the British started their rubber plantations, they needed abundant cheap labor. Native Malays were not eager to undertake such back-breaking work for what was essentially "peanut" pay. They could live quite comfortably off the land. But that peanut pay was more than attractive to the millions starving in China and India, and they readily came. Coming from a land where starvation and exploitative warlords were common, they developed a culture of elbowing themselves to the dinner table. They had to scramble, or starve. In contrast Malays, blessed by fertile land and bountiful seas, saw no need for such greediness. There was always plenty to share, enough for those who were late or could not come to the table. There was no need to fight over food. It is not difficult to predict the subsequent cultural clashes between natives and immigrants.

From his observations on the Maoris and Marioris, Diamond went on to paint a grand picture of the early development of human civilization. He posits that the first civilizations occurred in Eurasia rather than the Americas because of the physical geography of the continents. The original hunter/gatherer on Eurasia successfully domesticated some wild animals and plants, and gradually assumed a sedentary existence. As this proved so much more efficient, or at least more convenient, it soon spread to other hunter/gatherer groups. With each successive spread, the group improved on the discoveries of earlier groups. With time the entire continent became inhabited by farmers rather than hunter/gatherers. Because of the physical geography of Eurasia, with its horizontal (east-west) axis of mountains and rivers, the domesticated plants and animals readily adapted to the new areas because of their same latitude and climate.

In contrast on the American and African continents, the mountains and rivers are along a north-south axis. Even if one of the ancient groups successfully domesticated some wild animals and discovered edible plants, that idea would not spread widely as the climate varied greatly along the natural path of people. Plants that would grow at the southern end of the Nile could not be cultivated further north. Thus there was little chance for amplification and subsequent enhancement of any agricultural innovation.

Geography influences climate, and climate in turn affects human behavior. The seasons of temperate zones regulate human activities. You sow in the spring and reap in the fall, in winter you, like the earth, remain dormant. Further, with the inevitable coming of winter and the consequent shortage of food, one has to prepare during the bountiful summer months to stock supplies. Hence the concept of planning is introduced into the culture. Failure to do so would be disastrous both for individuals as well as the group. The cold dark nights, being non conducive to procreative activities, are more suitable for intellectual pursuits and other cerebral activities.

The monotonous climate of the tropics, with one day more or less like any other day and with no distinct season, there is no sense of urgency or need for planning. If it rains today, wait for a few hours and it will shine again and you can then go out and fish. Such procrastinations breed the *manana* (do tomorrow) syndrome. Before you know it, a decade goes by.

The effect of climate on me was certainly impressive. I remember my high school days in Malaysia and how difficult it was to study and concentrate, especially in the heat of the day. Even with repeated attempts at washing my face, I still could not keep cool. When I arrived in Canada, my first impression was how easy and effortless it was to study. It was so cool and refreshing all the time, even in midday. It was, in the words of my late father, as if the whole country was air-conditioned! I was so impressed with this personal effect on me that I wrote to the Malaysian minister of education at the time suggesting

that he build a residential school or a university at Cameron Highlands. The cool climate there would be highly conducive to academic pursuits. Being also typically Malaysian, I did not expect a response, and I was not disappointed!

Singapore's senior minister Lee Kuan Yew observed that air-conditioning was one of the greatest modern inventions, as it allows those in the tropics to be as productive mentally as those in the temperate zones. Seeing how well that small island republic has done, he may be on to something profound!

THE ECONOMICS OF GEOGRAPHY

Modern economists can quantify the effects of geography on the economy. Harvard's Jeffrey Sachs introduced the concept of GDP (Gross Domestic Product) density, a function of per capita GDP and population density, and showed that coastal, temperate Northern-hemisphere economies have the highest economic densities. They form the core of the economic zones of the world. These areas include Western Europe, the coastal regions of China, Japan, Korea, and the Western and Eastern seaboard of North America.

Geography affects economic development in three major ways. First is through the ease of transporting goods, people, and ideas. Because water transportation is much cheaper and more efficient than overland, coastal areas have distinct advantages over the hinterland. Second, geography affects the prevalence of diseases, especially those involving vectors (malaria and mosquitoes; schistosomiasis and snails). These diseases are endemic in the tropics and hold back economic development by significantly reducing workers' productivity. Malaysia's remarkable economic progress is in part attributable to its success in eradicating or at least controlling vector-borne diseases, especially malaria. Such diseases also alter the country's demographic and fertility patterns. Last, geography affects agricultural productivity. The seemingly lush tropical jungles hide a fragile thin layer of topsoil that can be easily washed

away in a heavy tropical downpour. Soil erosion is a major ecological as well as agricultural problem in the tropics. The burden it imposes on the economy is severe.

Climate also affects the crops that can be grown. In temperate zones there is little specie variation in fauna or flora. An acre of temperate forest yields only a few species; an acre of tropical jungle, literally thousands. Thus temperate lands are uniquely suitable for large and efficient mono cultural cultivations. The American Midwest has thousands of acres of wheat, barley, and corn. Such large farms would be impractical in the tropics as they would easily succumb to pests and diseases. The biological diversity of the tropics is an intricate ecological protective mechanism preventing the spread of pests and diseases.

Many tropical countries have successfully adapted the highly productive and efficient mono cultural agricultural techniques of temperate zones. Malaysia has its rubber and oil palm plantations. Despite this seeming success, the underlying fragility of the system cannot be over emphasized. Brazil's entire rubber industry was wiped out by a single fungus infestation.

The hot tropical climate is not all liability. With that warm weather comes warm waters and pristine beaches. The temperate countries may have their beautiful beaches but they are only for sightseeing. You cannot swim, not even in mid summer, as the water is too cold. Smart tropical nations capitalize on their warm climate to create a new major industry: tourism. The entire Caribbean is now a tourists' paradise. Previously isolated and undeveloped fishing villages like Cancun in Mexico have become prized destinations for holidaying Europeans and Americans. In Cabos San Lucas and Mazatlan, sport fishing is now much more lucrative and a steady source of income than commercial fishing.

Malaysia too should take advantage of its warm sandy beaches and market itself aggressively to the affluent and densely populated areas like Japan and Europe. Many rubber plantations are now converted into golf resorts that in the aggregate produce more for the economy

than the old rubber trees they replaced. As a foreign exchange earner, tourism is now second (albeit a distant second) only to manufacturing.

The least important aspect of geography is the bounty nature has bestowed on some countries. Why the Good Lord chose to place hydrocarbons, precious minerals, and other valuable resources in some countries and not in others is not for us to question. But God's bounty alone is not enough as evidenced by the continuing poverty among citizens of the rich oil-producing Arab nations. Throughout history we see the same story repeated, of well-endowed nations and their leaders squandering their God-given wealth. That old adage, easy come easy go, applies to nations as well as individuals.

Additionally, what we consider as valuable varies with time and age. Hydrocarbon may be considered black gold today but there was a time at the dawn of the nuclear age, with its promise of cheap and bountiful energy, when the price of gasoline merely reflected the cost of production; the commodity itself had minimal value.

Current Malaysian headlines carry the news that the country is selling fresh water to Singapore at a ridiculously low price. And we are committing to a long-term contract. Clean water is now more precious than oil. In American supermarkets and elsewhere, bottled water costs more than gasoline! Water rights are highly contentious issues in the dry Western states of America and the Middle East. Canada is protecting its fresh water lakes and rivers from pollution, recognizing that they are now truly valuable natural assets on par with its oil and gas fields. Malaysia too must protect this precious resource more carefully.

CULTURE MATTERS

Long before the Europeans were sending their sailors to explore the waters of the Orient, the Chinese were already regularly plying the same seas with their elaborate sailing junks. From 1405 and 1431 the Chinese had undertaken several maritime expeditions, venturing as far west as Madagascar, sailing in huge flotillas of about 300 vessels each.

Their ships were not mere junks; each measured in excess of 400 feet long and 160 feet wide, multi-decked, and capable of ferrying hundreds of personnel. They made Columbus's 85-foot *Santa Maria* nothing but a lake dinghy by comparison. Those junks had grand staterooms, staggered masts, and tiered sails. They were the original luxury yachts, fit for the representatives of the Son of Heaven and their guests.

While the Europeans were exploring for trade opportunities, the Chinese were content merely to show their flag and collect tributes and gifts from the chieftains of the barbarians they encountered along the way. Having done that the Chinese returned home, convinced that there was nothing that they could learn from the uncivilized outside world. After Admiral Cheng Ho's (Zheng He) last expedition, the emperor proclaimed an end to further naval expeditions. The huge infrastructures that enabled them to build those gigantic armadas were left to literally rot. The intricate skills of the people that went into building those magnificent seagoing vessels were now deemed worthless. The Emperor decreed that they had nothing to learn from others and that theirs was the best kingdom on earth. Those explorations merely reaffirmed their superiority.

The Europeans on the other hand were interested in the exotic spices of those distant lands and the opportunity of making a fortune in trading. They could not care less for the tribute of trinkets and other gifts from the natives' chiefs. Nor were they interested in hearing soothing praises. But through those trades the Europeans not only became fabulously rich but also very powerful as they later set about colonizing those lands. The British gobbled up the entire South Indian subcontinent plus parts of South East Asia; the Dutch, the bulk of the Malay Archipelago; and the Spaniards, the entire Philippine islands.

The obvious question is why such a dramatic and consequential difference between the Chinese and Europeans? Why didn't the Chinese with their impressive maritime might exploit their superiority to colonize those countries? And why did they stop at the African coast and

not venture beyond to discover Europe or eastward across the Pacific to the New World?

After the termination of Cheng Ho's expeditions, the entire Chinese maritime endeavor was shuttered on orders of the Emperor. It even became a crime for anyone to build ships! What was once China's greatest asset was now considered a liability.

Volumes have been written analyzing this particular course of world history. In the end they essentially boil down to the fact that culture matters. By culture I mean the way of life, attitude, and value system of a society. That is, in the sociological sense and not in the popular meaning of the word, which refers to the finer things in life.

The Chinese then had a mindset that they were the best; theirs was the Middle Kingdom, with the Emperor receiving his "Mandate from Heaven." They considered the rest of the world primitive. They became arrogant at first and then insular for fear that those barbarians would contaminate the pristine ways of the Chinese. They became xenophobic. Their cultural milieu allowed a decision by the remote Emperor to become effective throughout the vast empire. The Emperor's word was divine wisdom, to be unquestionably obeyed. He in his grand wisdom had declared that they could learn nothing from the outside world. It mattered not what Cheng Ho felt; after all he was a eunuch. As for trade, to the mandarins advising the Emperor, that was the most degrading profession, not worthy of even their consideration.

In Europe, there was no central powerful emperor to dictate to the continent. If the then big chief in Rome (the Pope) were to decree that all foreign explorations were sinful and against God's order, that would not have dissuaded the Spaniards, Dutch, and British. (Well, the Spaniards being devout Catholics might tremble and seek repentance on their return, *after* they made their fortune!) It was this decentralization of power that enabled small European nations to venture on their own, unencumbered by some central mandate.

To the Europeans the outside world provided a sense of wonderment, an opportunity to trade and find riches. There were unknowns to be discovered and yes, also to be subjugated and conquered. The Europeans had no pretensions that they were the best; they had just emerged from the Dark Ages.

It was this culture or mentality of "We are the best" that was so destructive to the Chinese. It is for this reason that I cringe whenever I hear or read Malaysian officials proclaim, for example, that our schools and colleges are the best; for implicit in that utterance is the accompanying mindset that says we have nothing to learn from others. The decline of the great Islamic civilization and the invigorating intellectualism that went with it could be traced to the closure of the "Gate of *Ijtihad*," (rational discourse) in the 10th century. Those Islamic leaders at the peak of their civilization had deemed that everything was settled, there was no need for further enquires. All that was required was for the *ummah* (community) to merely learn from the past and acquire the wisdom of their elders and *ulama* (scholars). Present-day Muslims have yet to escape the stranglehold of this medieval stricture. The mindset of glorifying and embellishing the golden past is equally destructive. For one, those glorious days are long gone and for another, such obsessions distract us from facing present realities.

A *hadith* (saying attributed to the prophet) to the effect that the best generation of Muslims were those of the prophet; the second best, the generation immediately following; and so on implies a fatalistic acceptance of an ever-declining mediocrity. The best that present-day Muslims can hope for is to reduce the slope of the decline. How pathetic! This is definitely not the recipe for advancement.

To me that *hadith* reminds us of the exemplary characteristics of the first generations of Muslims and the seemingly insurmountable obstacles and great tribulations they overcame. We should indeed try to emulate those sterling qualities, especially those of the holy prophet and his closest companions (May Allah bless their souls). The best tribute that we can pay those early Muslims is for us (present day followers

of the faith) to strive to be better than them. Nothing would please a master or a teacher more than to have his or her students reaching greater heights. We can never be better than the prophet—he was after all Allah's choice—nonetheless in striving we will become better Muslims. But if at the very outset we set for ourselves a lower goal, then we will never excel. Why I interpret that *hadith* my way and not in the traditional manner is also a product of my upbringing and culture. Having been exposed to the rigors of Western scholarship and critical thinking, I am less likely to blindly follow dictates. As a Muslim the greatest tribute I could pay Allah is to maximize the use of my God-given *akal* (intellect).

Living in the West I see how today's generation is better than earlier ones: more tolerant, more generous, and more dynamic. Only those living in and accustomed to stagnant societies long for the "good old days."

Economists are now discovering that the culture and institutions of a society are key determinants in development. These factors are not easily amenable to quantitative analyses that so fascinate modern practitioners of this science; hence the relative neglect on the role culture plays. Douglass North, the 1993 Nobel laureate in economics writes, "...Institutions and ideology together shape economic performance. Institutions...[do so] by determining (along with technology) the cost of transacting and producing."

Culture defines the values and belief system of a society. There are two categories of values that are relevant: intrinsic and instrumental. The first refers to those that we subscribe to regardless of the costs or material benefits. Patriotism and religious beliefs fall into this group. We hold them dear regardless of the personal costs incurred. The instrumental values on the other hand, confer tangible benefits to the members of that society. Thus they are self-perpetuating and self-reinforcing, that is until the ensuing benefits are no longer there. I will illustrate the differences between these two values at the personal as well as societal level.

At the personal level, this is demonstrated by the attitude towards failure, for that in turn reflects the attitude towards risk taking and innovation. In Silicon Valley, California, a bankrupt businessman proudly displays his failures as a war hero would his battle scars, and then bravely moves on. In Malaysia, a failed entrepreneur is shunned, humiliated, and stigmatized. He would also be forever tagged as a failure, left to ruminate, and caricatured as yet another example of the inadequacy of his race. His friends and relatives would chime in, "I told you so," or "Should have stuck with his secure government job and enjoyed his pension," or such sentiments.

In Malaysia starting a new venture is considered an instrumental value; it is valued only in so far as it is successful and brings tangible benefits. In Silicon Valley it is intrinsic, the prestige or reward in creating the company itself. The creative act is the reward. Steve Jobs was immensely successful and accumulated lots of money with his Apple Computer. When he lost control of that company and with it his job, he could just as easily retire to enjoy his considerable wealth if he valued his venture as an instrumental one. Instead he went on to start yet another new enterprise.

If we exhort our young to study hard so they could be rich and successful, that is, as an instrumental value, then when they become successful they would stop learning. There is no more reason to; they are already successful. But if we present learning for its intrinsic values (to satisfy one's curiosity or for self improvement) then they will continue studying even after they get their degrees. Indeed they would study even if they do not intend to go to college.

While I was in Malaysia researching for my first book, I was busy reading various articles and books. This prompted my nieces and nephews to ask whether I was studying for an examination! Obviously to them (and many Malaysians) the only time to read is when preparing for an examination.

Singapore's leaders are now concerned that the younger generation, used to affluence, would lose their passion for hard work. Had their

leaders preached the virtues of hard work for its creative potential and not in materialistic terms, the young would be more likely to internalize it as intrinsic and not instrumental value. Similarly if Malay leaders exhort Malays to work hard so we can "beat" non-Malays, than we value hard work for its instrumental value only. The danger with this is that once we beat or are on par with non-Malays, then we would quit our struggle. Or worse, our leaders would spend as much energy in suppressing non-Malays as they would helping Malays, because the value system is not in bettering themselves or the creative potential and rewards of hard work but simply to be ahead of or equal to non-Malays.

Culture is to society what DNA (Deoxyribo Nucleic Acid—genes) is to an individual. It forms the framework for development both under normal circumstances but also more importantly, under differing and stressful conditions. DNA predicts eye and skin colors, as well as whether under specific environmental conditions one is more likely to develop certain diseases. Culture does that for a society, as exemplified by the response of the Marioris to the invasion by the Maoris.

Just like DNA, culture is transmitted from one generation to the next and remains remarkably stable. In traditional societies, such transmission (acculturation) takes place informally in the family and other social settings; in modern societies, at schools and similar institutions. Changes in DNA do occur through natural selection, but very slowly. Likewise with culture, as evidenced by the subsequent divergent cultural transformations of the Marioris and the Maoris conditioned by their particular environment. Environment can also induce rapid changes on DNA through mutations. Thus a colony of bacteria subjected to a hostile chemical environment (antibiotics) will develop resistance quickly through such mutations to enable them to overcome the effects of those chemicals.

Many would take umbrage to my characterization of culture as society's DNA for it implies that culture cannot be changed, or at least not quickly. This is not true. Just like DNA which could be changed in

nature through random mutations or artificially through planned biogenetic engineering, so too could culture. The cultural equivalent of biogenetic engineering would be mass education and modern technology, or major social changes imposed on that society. The fermentation in the Muslim world today is because traditional societies have been exposed, through mass education and modern communication, to the great outside world. Old certitudes are now gone, as are traditional power structures. These changes are rapid and disorientating; they could lead either to a stronger, more resilient society (equivalent of a resistant bacteria) or alternatively, to the disappearance and disintegration of that culture (equivalent to biological extinction, as with the dinosaurs).

The cultural equivalent of random mutation would be exemplified by the sudden change in leadership or a revolution. Iran under Ayotallah Khomeini was a radically different nation from when it was under the Shah. That transformation was sudden and unpredictable, comparable to a biological mutation. Had someone assassinated the Ayatollah soon after he took over, Iran would have been radically changed back again. In genetics, such a phenomenon is referred to as reverse mutation.

The pertinent question then is why certain societies have cultures that predispose to change and progress while others have cultures with strong inertia and a tendency for stagnation. Here I define human progress broadly, that is improvements in the ability of that society to take care of the basic needs of its citizens in terms of food, clothing, and shelter, as well as ensuring that each citizen is allowed to develop fully in all aspects. Such general descriptions aside, there are specific quantifiable criteria that can be used to assess progress or lack thereof. These include economic well being as reflected by such indices as per capita income but also general well being as measured by longevity and infant mortality rates. While these may not be truly reflective of the achievements of a particular society, nonetheless they give a rough indication. It is unlikely that a nation with a low per capita income,

short life span, and high infant mortality to be considered developed or progressive. Nor can one expect such societies to be major sources of inspiring works of arts and other cultural refinements.

Implicit in my definition and description of progress is that there are certain values that are universal, that is, they are the aspirations of all people. This is a risky proposition to make in these days of cultural relativism where the accepted wisdom is that all cultures are equal and should be measured only within its own context. Even the United Nations' Universal Declaration of Human Rights has its own detractors who opposed the very concept of the universality of any social or cultural construct. Nonetheless we all can agree on certain simple ideas. These are, as enumerated by Lawrence Harrison and Samuel Huntington in their book, *Culture Matters: How Values Shape Human Progress*:

- Life is better than death
- Health is better than sickness
- Liberty is better than slavery
- Prosperity is better than poverty
- Education is better than ignorance
- Justice is better than injustice.

Even Mother Teresa would have agreed with those general statements. Fanatical Muslims of the "suicide bomber" variety might take exception to the first sentiment. To them, life in this world is temporary and thus not worthy of their attention; the greater rewards are in the hereafter. To me, belittling God's precious gift of life is not exactly an expression of our respect and honor for the All Mighty. After all, life is God's creation and we should not dismiss it lightly! Were Islam to belittle life in this world, there would not be the strong prohibition against suicide in our Qur'an. If only those so-called martyrs could see

the pain and anguish they caused their loved ones, and the destruction they inflict on others!

I do not imply that material and socioeconomic progress go hand in hand with spiritual and ethical enlightenment. Far from it! Societies in command of great wealth and power may be intellectually, spiritually, and socially flawed. Conversely, great philosophers and thinkers have evolved from societies that had rudimentary technology and relatively little wealth. The tiny Caribbean island of St. Lucia, no economic powerhouse, produced two Nobel Prize winners: Sir Arthur Lewis in economics and Derek Welcott in Literature. Using that criterion—number of Nobel laureates per capita—St. Lucia is certainly far ahead of many advanced and progressive nations.

In the heyday of imperialism it was accepted that culture made all the difference. The concept of culture then was closely tied to race. As with the understanding of race at the time, it was accepted that there was a similar evolutionary scale for culture, with the Europeans, more specially the northern and western Europeans, being on top (or most cultured). The differences in the physical features of people of the various cultures (dark skin for the Mediterranean races and high cheek bones of the Eastern Europeans) further reinforced this connection between race and culture. At the bottom were Asians and Africans. The Europeans being the most "cultured" were destined to rule the world; if members of the other races wanted to be considered civilized, they must ape the ways of the Europeans.

The German anthropologist Franz Boas shook this accepted wisdom with his revolutionary concept of cultural relativism. Boas spent his professional career studying the Eskimos of Arctic Canada, and was impressed by their cultural values. Their culture ideally suited them to survive in that harsh environment where "cultured" Europeans would not stand a chance. He championed the idea that each culture should be judged in its own right and not compared to others. The essence of this idea is encapsulated by the remarks of the legendary wealthy American stock investor, Warren Buffet. When asked of his extraordinary

talent, he replied that he is grateful to live in America as his particular skills serve him well, for had he lived in Bangladesh, he would be starving. The wisdom of the Sage of Omaha!

Cultural relativism may be a fine idea when societies were isolated. With globalization, today's young Eskimos are exposed to and are rapidly becoming part of the larger world. Their grandparents may have been satisfied with living in igloos and trudging along in the frigid cold on their dog sleighs, but today's young prefer living in homes with central heating and dashing around in their snowmobiles. Telling them that those are artifacts of a decadent Western culture would not dissuade them.

While nobody today accepts the old concept of an evolutionary scale of culture, nonetheless it is becoming obvious that different societies adapt differently to changes and stresses. Like individuals, some societies are more successful than others, regardless of the criteria we use to define success. The intellectual inquiry of why this is so is now an active and legitimate scholarly pursuit. Unlike earlier notions of cultural evolution, today's research has nothing to do with aggrandizing one's sense of cultural or racial superiority, rather on how best to help societies and cultures cope with change and thereby reduce some of the social pathology associated with dysfunctional cultures.

In 1999, Harvard's Academy for International and Area Studies convened a symposium whose proceedings were published in the book, *Culture Matters*. As expected, the contributors are committed believers of the creed that cultural factors shape economic and political development. The natural corollary would be how can we ameliorate or negate factors in the culture that are obstacles to progress and encourage those that facilitate it.

Societies can be divided into those that have "progressive culture," that is, a value system that promotes development within that society, and "static culture," which of course favors the status quo, or lack of progress. Time orientation, with the emphasis on the future rather than the present or the past, is one trait of a progressive society. This

future must not be too far ahead as in the hereafter (the preoccupation of medieval Christians and present-day fundamentalist Muslims), rather for the immediate future of the present life. With this emphasis on the future comes the attendant attribute of planning for that future. With the planning comes savings, frugality, and other positive values that are conducive to economic growth. Societies with static culture have little time orientation, have no concept of the future, and thus see little need for planning. They also do not value time. In short, it is the *manana* culture encapsulated thus: why do today what can wait till tomorrow.

Other attributes valued by a progressive society include emphasis on rationality instead of grandiose symbolism. Authority in progressive societies resides in institutions and the law, not with individual leaders. Members of a progressive society view the world with optimism. They thank God for having been given the opportunity to enjoy in and benefit from His creation. They consider the world as a place for personal improvement and salvation. Those of a static society consider the world as a temporary abode, and look upon life pessimistically. In a progressive society the members believe in their own ability; in static societies they believe their fate is predestined or based on luck. Education in a progressive society is meant to liberate citizens and to develop their critical thinking; in static societies education is more for indoctrination and to mould citizens into preconceived patterns.

Apart from these attributes, progress depends less on what a particular nation has, rather on how it uses its resources, including and especially its human resources. While classical economists write about comparative advantages, today the decisive factor is competitive advantage. America with its high labor costs can still produce rice far more competitively (that is at a much lower price) than China or Thailand because American farmers are so much more productive.

The role of culture cannot be simplistically reduced to repeating the clichés on the importance of hard work, frugality, savings, and education. Chinese farmers are considerably more hardworking than Ameri-

cans, but Chinese farmers remain poor. Similarly with education; India has millions of college graduates but they ended up as well-educated petition writers and taxi drivers. Thus education has limited potential if it does not emphasize mathematics and the sciences or if the system denigrates vocational and technical education. Likewise savings. At one time frugality and the high savings rate helped the Japanese become an economic power but today, those same admirable qualities are choking Japan's recovery by dampening consumer demands.

According to Harvard's Michael Porter, it is the subset of economic culture—the beliefs, attitudes, and values that bear on economic activities of individuals, organizations and institutions—that are pertinent. These may be either productivity enhancing or conversely, productivity eroding.

David Landes in his book *The Wealth and Poverty of Nations* suggests that an important invention of Western civilization is the clock. It enables one to keep a precise measurement of time. That invention however, is only valued in a time-orientated society. In a *manana* culture, it is a superfluous if not useless invention.

To ancient Arabs, the gifts of clocks and timepieces were valued for their ornamental values. The information those machines gave was of little relevance. When ancient Arabs were told it was 5 PM, their immediate response was, "Is that before or after *Asar* (late afternoon) prayers?" Today's Arabs, after long association with the West and the subsequent absorption of "decadent" Western values as the importance of time, would instead ask, "What time is *Asar* prayers?" Cultural values do change!

I am reminded of an incident in Malaysia when I was waiting for a boat to take me to a village across the river. Tired of waiting, I enquired of a fellow passenger when the next boat would arrive. He immediately eyed me suspiciously. Obviously I was a stranger to ask such a silly question. What do you mean by what time the next boat will arrive? It arrives when it arrives! To those villagers, time is mean-

ingless. Only tourists slumming about would want to know when the next boat would arrive!

The attitude towards work is also instructive. In progressive cultures, work is regarded as a creative activity, treasured, and central to one's life. That is, hard work is valued intrinsically. Work is a form of self-expression, and the culture appropriately rewards productive and creative endeavors. With static cultures, work is disparaged, regarded as a burden, to be done only by the lowest members of that society. Status is measured by how far one is detached from labor or work of any kind. In ancient China, the mark of high status was a pair of clean, callus-free hands with long fingernails.

A differing cultural view towards work can be illustrated by the joke about the White rancher and the Native American Indian. The rancher was upbraiding the poor native for not working. "Why should I?" replied the Indian. "So you could earn and save some money now. Then when you have enough money you can retire and not work anymore," admonished the rancher. "Well, I am not working now," came the immediate retort. True, that native may have reached his nirvana *sans* working, and sooner than the rancher, but his society would pay the price eventually. The rancher presented the instrumental value of hard work, but it did not impress the Indian.

Yet another feature of a progressive society is its attitude and receptiveness to new ideas and learning. There is constant yearning to discover better ways of doing things, a curiosity to discover and to explore the world beyond and within. Ancient Muslims certainly had these noble attributes. They avidly learned from the Greeks and Romans. That was the Golden Age of Islam. Much of the contemporary success of East Asian societies is due to this devotion to learning. With the emphasis on learning comes the value of merit. In contrast, static societies do not value learning; family connections, tribal linkages, and casts determine one's fate, not merit.

Ibn Khaldun's *asibayah*, or social capital, is another important attribute. With static communities, trust and identification rarely

extend beyond the immediate family and clan; such societies have a very narrow "radius of trust." They are prone to nepotism and tribalism, and have little sense of charity and philanthropy beyond blood and clan ties. In contrast, a progressive culture's radius of trust extends far beyond kin and kind.

Religion plays a significant role in static societies. In Medieval Europe, the church was the central authority. Today if one plots the influence of formal religion against the economic status of a society, there is a definite inverse correlation. That is, the stronger the formal religious establishment, the poorer the nation. Islam has Afghanistan and Iran; the Catholics have the whole of Latin America and the Philippines. This does not mean that the members of successful societies are less religious; on the contrary they are indeed very religious when measured by such criteria as their generosity and tolerance. It is very revealing that the two most modern Islamic countries, Malaysia and Turkey, are essentially secular.

Secular status is not a prerequisite for progress; atheistic communism would disabuse one of such a notion very quickly. But what I am saying is that the heavy emphasis on traditional religion, with its preoccupation with the afterlife, is a drag on progress. In a later chapter (11) on free enterprise, I will relate how a novel reinterpretation of traditional Christianity by John Calvin and other reformers paved the way for the development of modern capitalism.

The role of culture may be encapsulated thus: It helps steer members of that group into becoming either producers or takers, and this in turn will determine whether that society progresses or remains static.

One's culture also influences the way one views the world, both physical and social. Culture acts as a collective prism. In my earlier book *The Malay Dilemma Revisited*, I recounted how the British, in trying to encourage Malays to save, increased the interest rates on savings. To the surprise of the British, Malays did not respond. The greater the inducement (higher interest rates) the less responsive

Malays were. It appeared to British economists that Malays did not react to the usual economic incentives.

It took the brilliance of an indigenous economist, Ungku Aziz, to appreciate that on the contrary, Malays are indeed diligent savers. Visit any Malay house in the kampong of the past and there hanging in the hallway was a cut bamboo, *tabong*, in which the homeowner saved his money. When the time of need arrived, the bamboo was split open and out came the savings. Malays save for the pilgrimage to Mecca (dear to all Muslims), weddings, and old age. They did not use the conventional institutions because Malays equated interest with usury, which is *haram* (forbidden) in Islam. Malays viewed the raising of interest rates as enticing them to a life of sin. Those white devils!

Ungku Aziz successfully overcame Malays' reluctance to savings by setting up a mutual fund-like institution, Tabong Haji (Pilgrimage Fund), and declared the returns not *riba* (interests) but *faedah* (dividends). Thus by putting a different spin, he managed to overcome what seemed like a monumental cultural barrier. Today Tabong Haji, a vehicle for the savings of Malays, is the biggest mutual fund in South-east Asia. Its success is an enduring tribute to the brilliant imagination of one man.

A subtle yet very revealing effect of culture is demonstrated by how Canadians and Americans view that wonder of nature: Niagara Falls. Many outside North America would lump Canadians and Americans into one culture. Nothing would offend the Canadians more than to be thus considered. Americans and Canadians may look alike but culturally there is a vast difference. To the Americans the Falls represented a source of cheap energy, to be harnessed. And they did, building the first hydroelectric power plant and introducing alternating current as a means of widely distributing that energy efficiently. Industry soon rapidly developed on the American side of the falls, with great textile and other manufacturing plants. The area rapidly became an industrial heartland.

The Canadians view the falls esthetically, valuing their natural beauty, and not as a resource to be exploited. They want to share with all of mankind this natural wonder, and created a booming tourist industry around it. Niagara Falls is now a traditional destination for honeymooners.

Fast forward to half a century later, with the discovery of cheap oil other industrial centers developed in America. With that the industrial might of the city of Buffalo on the American side of Niagara Falls was eclipsed. Today many of those great industrial plants of yore are shuttered. Buffalo epitomizes America's rustbelt. Meanwhile on the Canadian side, tourists are still flocking to see this wondrous sight.

That same American culture that viewed nature as something to be conquered, tamed, and exploited that worked so wonderfully well in the past, is now an obstacle. What has changed is the external environment, in this case the availability of cheap oil.

In discussing the role of culture we have to be careful of two things. One is to discern the truly effective contributory attributes and not just the accompanying epiphenomena of success; that is, the causes and not the effects. Two, in trying to modify one's culture to adapt to modern changes we do not threaten the very integrity of that culture.

There is some squeamishness in discussing culture in the context of human development. Done crudely and with the wrong choice of words, and you will be miscast as a racist. It does not help that many who advocate the crucial role of culture often let slip their underlying prejudices and stereotypes. The recent drumbeat of those who loudly proclaim the supposed superiority of Asian values, in their smugness, do let slip and expose their darker side. Confucian values may or may not be the reason for the Asian economic miracle, but this same culture that values familial loyalty and blood ties also contributes to cronyism and clannishness. In its extreme form it gives rise to triads and other secret societies. And if those esteemed Confucian values were indeed responsible for the recent Asian miracle, then why did they fail in

Mainland China? Communism could not save China from the perversion of Confucianism, but capitalism (albeit limited) does.

Another example is the potlatch ceremony of Native Americans of the Northwest where the host family would lavishly distribute gifts to invited guests with the full expectations that such gestures would be reciprocated. This later degenerated into an orgy of wasteful expensive exchanges. Anthropologists have long sought an explanation for this phenomenon. To my mind this was an early form of wealth circulation, later to be corrupted into wanton wastefulness and conspicuous ostentations. Whatever the rationale, such rituals were banned in 1884 because of the flagrant waste. The ban was not lifted until a later age of enlightenment in 1951, but by that time the natives had long lost interest in the tradition.

In discussing culture it is good to be reminded of the wise observation of the former Harvard scholar and longtime US Senator, Daniel Patrick Moynihan, as quoted in *Culture Matters*, "The central conservative truth is that it is culture, not politics, that determines the success of a society. The central liberal truth is that politics can change a culture and save it from itself." The abolition of the potlatch ritual is one such example of a beneficial cultural mutation brought on through the political channel.

The pertinent lesson here is that culture can be changed, both slowly and abruptly, for the good of its members. It is this observation that provides the impetus and rationale for the modern study of the role of culture in human progress.

THE SEMINAL ROLE OF THE INDIVIDUAL

The preceding discussion focused on society. It is the function of society and its culture is to mould its members into a preexisting pattern through socialization and acculturation. The intention is to maintain the status quo; it is necessarily static to ensure that the values and nature of that society are propagated and maintained; it is a mechanism

to ensure societal stability. Individuals are by nature unique. Left to our own devices, human society will not be possible. We will be like a bunch of wild cats, marauding on our own. Ever try to corral a bunch of cats? But even with wild animals certain pack behavior is identifiable—a primordial societal form.

Thus we are faced with a dilemma. On one hand culture and society have essentially statist tendencies, but for progress to occur there must be change, and change inevitably threatens the status quo. Throughout history progress has been the result of the works of individuals, not society. When the first hunter-gatherers made the conversion to become farmers, this was not the result of a communal decision. Their pack leaders did not sit down and decide that they had had enough of the hunting life and wanted to settle down. More than likely there was one individual, probably an inquisitive young kid who discovered that he could plant wild seeds and at the end of the season found that he could enjoy a bountiful harvest. He probably related his discovery to other members of his family or they, on seeing that he was suddenly well fed and contented, went about to discover the secret of his new-found joy. Success is its own reward and soon the idea spread. And like any other human inventions, others began improving on the idea, perhaps trying to plant other grains like corn. Yet others would develop the concept further by storing some of the seeds for planting in the next season, or of trying to preserve them by storing in the ground or drying in the sun. Not long after that came the idea of planning ahead—to the next growing season.

Wild animals too were probably domesticated in a similar fashion. Again, a group of primitives did not suddenly have a gathering and decide they would capture and tame some chosen wild sheep and goats. More than likely, a doting father gave his son a pair of baby wild sheep that were orphaned after he killed their mother. The little boy grew attached to them and when they were grown up he would not let his father kill them. The pair subsequently bred and suddenly the family had additional sheep without having to go out and hunt. Then the

boy discovered that he could also drink what the lamb suckled from the mother's teats. Voila! Milk was discovered, and the idea of a primitive dairy industry took hold. It did not take long from there for ancient *Homo sapiens* to discover the utility of keeping baby sheep. Not only did they prove to be ideal toys for their children, those cuddly animals also provided a ready source of meat and milk. Further, they did not have to lug the meat around or preserve it in any way. It was available fresh on the hoof at any time. Soon they would discover that the milk could be converted to cheese, the wool woven into blankets, and the hide into foot coverings and clothing. All these developments started with one individual with one idea, and with success, that idea was copied, amplified, and improved. A millennium later we have fancy Florsheim shoes and Armani woolen suits, their ingredients all coming from the ever-useful domesticated animal.

This pattern is repeated throughout history. The modern integrated circuit, the brain of the computer, was designed not by some high profile national committee or the brainchild of a farsighted leader, rather by an engineer tinkering around in the laboratory pursuing his imagination. From that basic invention, others would improve and capitalize on it. But it all began with the imagination of one person.

In the Malay legend *Hikayat Abdullah*, a story is told of a bright young boy who suggested that the sultan plant banana shoots along the coast to absorb the impact of flying fish storming up the beaches and impaling the citizens. The idea worked wonderfully, and many citizens were spared. Unfortunately, the sultan's advisors warned that such a bright young man could prove to be dangerous. What other brilliant ideas would he come up with when he would be older? The sultan, sensing a threat, ordered the boy beheaded.

Imagine had the sultan and his hangers-on reacted differently. Suppose he had rewarded the bright kid, given him half the treasury, offered him the princess's hand, and showered him with glamorous royal titles? That would certainly impress the kid; he would then think very highly of the sultan. It would also motivate him to come up with

other innovations to benefit the sultan and his kingdom. More importantly, others would be encouraged to come up with similar brilliant ideas. One might suggest collecting the impaled fish and selling them in the market or convert them into animal feed. Or he may cut the snouts and convert them into artistic carvings of swords and daggers for sale to tourists. Yet another would develop the entire coastline into banana plantations and sell the fruit to passing ships. The possibilities are limitless. But by killing the boy the sultan effectively stifled any original ideas coming from his subjects.

As for offering the princess's hand, at the very least that would have introduced much needed smart genes into the royal family!

Thinking and creating are solitary activities; the work of individuals, not groups or committees. Great works of art, beautiful music, and creative insights are the accomplishment of individuals. The progress of human society depends on such persons. One innovation begets another, with no predictable outcome.

The first man who tried domesticating wild animals could have been killed by strange bacteria like anthrax. Or he could have mistakenly tried to domesticate some primitive rattlesnakes, with equally fatal consequences. The man who tried to tame the rattlesnake probably thought he could solve his food problem and take care of the rat infestation in his cave at the same time. The hunter-gatherer who first planted the seeds could have harvested fruits that turned out to be sour or even poisonous. And the first man to chisel out a tool from a rock could have been blinded by the resulting flying chips, thereby discouraging others from pursuing that lead. But occasionally there will be success and such discoveries would then spread and be improved upon.

Modern inventors may make fortunes out of their inventions. The man who designed the internal combustion engine may have raked in millions in profits and royalty fees, but the benefits to society of his invention are even greater. Bill Gates may be collecting billions for his software, but the value of his programs to society is many times more. Regardless of what his motivations were to write all those wonderful

software—greed, curiosity, or a desire to be famous—he has nonetheless created a useful product that enables millions to be more productive in their work. In doing something for himself he has done a great deal for mankind.

This applies to all those ingenious inventors, past and present. We should not envy the bounty they received; rather we should consider the value of their inventions on society. Gates' word processing software helped me not only in my personal writings but also in my office. In the past I would have to dictate my letters, my secretary would then transcribe them, and I would recheck the final form. If there were errors she would have to retype all over again. Now I do not even transcribe but simply pull down a template, change a few items here and there, and a new personalized letter is produced. Imagine the increased productivity! I do not have to depend as much on my secretary anymore for correspondence. As for my bookkeeping, I thank Scott Cook, the man who designed the accounting software, Quicken. In the past I would spend literally days at the end of every year trying to balance my books and figure out my taxes. Now these data are readily available with the click of the mouse. The value of the software to me far exceeds whatever fortune Cook received.

Even if these inventors do not have a charitable motive, nonetheless through their inventions they have contributed immensely to society, much more than the average charity giver. I have little tolerance for those do-gooders who want to save society but in the end they themselves need to be helped. I hear ad nauseam Malay leaders out to fight and save our race. Often these national "heroes" could not even take care of themselves and their own children—their primary responsibility. In trying to save the nation they could not even save their own family. To me the best contribution you can make is to take care of yourself and your family first so that you and they do not burden society. By being productive, a "maker" in the economy, you make your contributions. If each of us is a producer, then we can take better care

of those amongst us who truly deserve our charity: the aged, the infirm, and the disabled.

The problem today is that many are content with being "takers" of the economy. Amongst the worse culprits are the modern-day Robin Hoods who righteously proclaim their noble intentions to help the less fortunate by taking from the producers. Many of the social welfare programs of Western democracies are nothing but variations of this sophisticated Robin Hood-type redistributionist mentality.

In his book *Makers and Takers*, Edmund Contoski suggested modifying President Kennedy's famous inaugural line: "Ask not what your country can do for you; ask what you can do for your country." Instead the President should have said, "Ask what you can do for yourself." I agree. After you have taken care of yourself and your family, then ask what you can do for your country.

When I was in high school in the 1950s there was much consternation on the lack of Malays in science. As usual the politicians and leaders were exhorting young Malays to pursue the sciences. Many senior Malay science students then were under great pressure to mentor and tutor younger pupils. Many showpiece time-consuming tutoring programs were started. Unfortunately with their time taken up with mentoring, many of the mentors themselves suffered and failed in their own studies. Had those students concentrated on their own "selfish" personal goals of first excelling in their own studies, they would not only have helped themselves immensely but also at the same time furthered the cause of Malays much more effectively.

Today I still see many bright young Malay scientists and professionals consumed with trying to better the lot of their race at the expense of their own professional development. One scientist recently declined a prestigious post-doctoral appointment because he was in a rush to return to serve his country. I argued that he would serve Malaysia better by being as well trained as possible. He would advance the cause of Malaysian science much better by first being an accomplished scientist. In one's eagerness to help society one sometimes shortchanges oneself,

and ultimately the greater society. Sadly today that young scientist languishes in a remote corner of academia, the nation deprived of his full potential.

Thousands of Malay undergraduates today are diverted from their studies in their desire to "better their race." They are consumed with political campaigning and ugly street demonstrations to the detriment of their studies. Little did they realize that they would serve society better by first excelling in their studies and then making their own contributions with the skills and knowledge they have acquired. These students' behavior however is conditioned by our culture, in particular Malay culture. They behave thus because our culture does not reward producers, rather the takers. Peruse the royal honors lists. Rarely are our scientists, entrepreneurs, builders, and inventors honored. Instead we have these political do-gooders and assorted royal hangers-on. Societies progress best when they reward the producers.

Man has existed for over a million years, but 99% of the achievements of human civilization have occurred within the last millennium. The pace was even steeper within the last century. It is unlikely for humans to have changed greatly biologically within the last 1,000 years. Neither has the global climate and geography radically changed during that period. Yet during this time there have been phenomenal inventions and progress. Such advancements can only be attributed to human ingenuity, and not a function of geography or biology.

For Malaysia to advance we must pay attention to our most valuable resource: our people. Society progresses best when it allows full expression and freedom for its individual members. And for every member of the community who is a producer, there would correspondingly be one less taker. Totalitarian societies can never aspire for greatness; they seek total control of their members. Every significant progress in human civilization has been the result of the contributions of individuals. The Age of Renaissance that spawned modern Western civilization was a record of exemplary individual achievements in the arts and sciences.

I firmly believe that every society has its share of the gifted and talented. What a particular culture does with this divine gift will chart its future. There is a natural aristocracy among men, observed Thomas Jefferson, and the grounds for this are virtue and talent. There is also the artificial aristocracy founded on wealth and birth, without either virtue or talent. Malaysia should aspire that its aristocratic class be made up of the virtuous and talented. It must ensure that its policies nurture this noble goal. Equally important we must enhance those elements in our culture that strengthen this ideal and at the same time negate those forces that place obstacles on the path of our natural aristocrats.

In the next two chapters I will relate examples of societies in the past and present to illustrate the points discussed in this chapter.

THE EXPERIENCE OF EARLY MUSLIMS

Many Muslims today romanticize the history of early Islam. They simplistically reduce the early course of this great religion thus: Allah chose Muhammad (Peace be Upon Him) to be His Messenger, and he in turn spread the divine revelations to his fellow tribesman and voila, the words of Allah were wholeheartedly accepted. Arabia was transformed, and the faith spread beyond.

Even the most cursory review of the early history of Islam reveals otherwise. Muslims rightly refer to the pre-Islamic period as the Age of *Jahiliyah* (Ignorance). The essential social organization was based on tribalism. It was a period marked by gross social inequities and injustices, with slavery and other abhorrent cultural traits like female infanticide being the norm. The prevailing system of justice was an eye for an eye, and the established ethics was one of "the enemy of my enemy is my friend." The ethos was one of might being right.

Muhammad's receiving the divine revelations did not alter the situation overnight. He may be preaching the message of Allah, but that did not impress his fellow tribesmen. He may be divinely guided but that did not spare him and his companions from making grievous errors and serious misjudgments. There were miscalculations along the way, together with treachery, greed, jealousy, and all the other ugly emotions known to man. Colossal mistakes were made, the consequences of which present-day Muslims are still paying the price.

I have read many biographies of our prophet (pbuh), ranging from the most embellished hagiographies written by well-meaning followers of our faith to the most cynical versions viewed through the jaundiced eye of the Orientalists. With each reading I learn a little bit more about our holy prophet (pbuh) that further increases my already immense admiration for this great servant of God.

Ironically, my greatest appreciation of our prophet comes from reading accounts where he is being portrayed as an ordinary mortal, *sans* his miracles. The prophet was of course no ordinary being. Allah

in His wisdom did not choose His Last Messenger capriciously. Long before he received his revelation, Muhammad's sterling character had already been evident. By this I do not mean the miracles that are attributed to him in some of the hallowed hagiographies. For example, it is said that as an infant his mother had extreme difficulty finding a wet nurse for him. As his father had died before his birth, would-be wet nurses rightly felt that they would not be compensated. When one woman, Haleemah binte Abu Thu'aib, finally picked Muhammad (pbuh), it was because she had no other choice. But her reluctance was amply rewarded, for when she brought the baby to her bosom for the first time, her previously nonproductive breasts suddenly became engorged, with enough nourishing milk not only for Muhammad but also for her own infant.

Another miracle had it that while the prophet was a child, Angel Gabriel seized him, ripped open his chest, took his heart out and washed it with iced water in a golden basin, before putting the newly cleansed heart back into Muhammad's chest. The angel also threw out a black clot, no doubt casting away everything evil.

Such accounts of divine interventions are of course heavy on symbolism. The heart represents the very essence of man, the seat of his soul and very character. Besides, this was no ordinary cleansing; it was in a golden vase, and using iced water no less, both scarce commodities in a hot desert. I consider such accounts interesting if not mildly hilarious, but being miracles they defy rational analysis.

Even dispensing with such celebrated accounts, there were indeed many contemporary records of the prophet's exemplary life long before Allah selected him. As a young man he already had a reputation for being serious, contemplative, and honest. He was meticulous with money and trustworthy, invaluable traits in a trader. Indeed Muhammad (pbuh) later became an extremely successful trader for a rich widow who subsequently became his wife. He was referred to as *Al-Ameen*—trustworthy and honest.

On one occasion when the Arabs were rebuilding the Ka'aba after it was damaged from an earlier flood, there was much rivalry and jealousy among the various participants as to who would have the honor of putting the final touch. As usual such a trivial competition quickly escalated and they were ready to come to blows. Finally, calmer heads prevailed and they agreed to ask the first passerby to arbitrate their disagreement. Lo and behold, Muhammad (pbuh) was the first visitor, and they asked him to mediate. Muhammad (pbuh) in his wisdom immediately sensed the gravity of the situation, being fully aware of the disastrous consequences should he make a mistake.

He quickly devised a brilliant and equitable scheme of sharing the honor. He asked them to spread out a carpet and he then placed the Black Stone, the central object of reverence, in the center of it. He then had a representative from each tribe to lift the edge of the carpet and thus carried the stone to its final resting position. Muhammad (pbuh) then carefully lifted the stone to its final spot. Everyone was satisfied, as they had all participated in the final effort, with no one tribe hogging the honor. It was shared equally and the Arabs were most pleased that he had successfully converted a highly lethal and explosive rivalry into an amicable and cooperative endeavor.

Muhammad (pbuh) intuitively knew the wisdom that honor is not diluted by being shared; on the contrary, it is enhanced. Similarly, rivalries can, with ingenuity, be converted to meaningful teamwork, and destructive competition to fruitful cooperation.

Despite his excellent reputation, Muhammad still encountered enormous difficulties in preaching the Words of Allah. His message of belief in a Supreme Being, social justice, and equality of man threatened the existing social order. His ideas were radical and potentially destabilizing. The Arabs were perfectly content with their current existence, enriched by their profitable trade. Life was good and they saw no need for any change, much less a sweeping one.

His message of social equality was particularly threatening. This was a society where slaves were kept, together with indentured labor.

Women were kept properties. The birth of a daughter was a calamity, and female infanticide rampant. The norms of the day were treachery, double dealing, and unscrupulous behaviors. Gambling, drinking, and fornication were not regarded as vices, rather rewards after a hard day of trading. Their belief was in idols and superstitions, not of an Almighty God. For generations they had worshipped their ancestors, and here was their Muhammad (pbuh) telling them that this practice was blasphemy!

The Quraishis, who were responsible for the holy shrine, the Ka'aba, considered themselves the chosen people, with special privileges to exact tributes from the pagan pilgrims who came to Mecca. Those pilgrims had to buy food and clothing only from the Quraishis; they could not bring their own supplies. The Quraishis had essentially cornered the market on pilgrims, perhaps the first known trade monopoly.

There were a few who found such injustices shocking. Long before Muhammad's time, there were individuals who abhorred these decadent and unjust ways. Among the reformers were Abdullah ibn Jahsh and Zaid ibn Amr. When Muhammad started his mission, Abdullah readily accepted Islam, only to convert later to Christianity, as he was unable to face the social heat. Zaid began his own reform before Muhammad, and was murdered for his efforts. It is noteworthy that his son, Saeed, was one of the first to accept the message of Islam.

When Muhammad (pbuh) received his first revelation in that cave high above Mecca, he was already well prepared. Nonetheless for the first few years he preached Allah's message in secret, first to his immediate family and later, his close friends. He understood the vast implications of his mission.

Muhammad (pbuh) knew that Islam would frontally challenge the existing order. Even though he was committed to Allah's cause, nonetheless he had no intention of destroying his community in order to save it, to use a Vietnam-era military maxim. He was fully cognizant of the intense opposition to his mission from the existing power structure.

The forcing of his message would only result in further turmoil, a civil war. His mission was to save, not destroy society.

Despite that caution, those early Muslims faced tremendous hostile opposition. Without divine protection, Muhammad's fate could easily have been like that of Zaid. Muhammad (pbuh) was also fortunate to have the protection of his uncle Abu Talib. It was significant that his uncle, though highly supportive of Muhammad's mission, was unable to commit himself to the new faith. He was already set in his ways. The first few years were difficult for the Muslims, with open hostilities and violent opposition. Many were tortured and killed.

In the face of such intense resistance, Muhammad (pbuh) wisely decided to send some of his followers to migrate to Abyssinia, then under the reign of a tolerant Christian king. More practically, the migration eased the sense of threat posed to the Quarishis. But as more Arabs accepted this new faith, the establishment felt even more threatened, which in turn prompted them to take even more extreme measures to neutralize Muhammad (pbuh) and his followers.

When bribes did not work with the honest Mohammad, they resorted to harassment. This reference to bribery is well documented. Aware of the devastating consequences to them and their existing way of life of Muhammad's message, the Arabs persuaded his uncle Abdullah, a pagan, to coax the prophet to give up his mission with promises of riches and titles. They would have willingly surrendered to him the tribal leadership if only the prophet would give up his cause. This prompted the famous response: "By the grace of Allah," said the prophet, "even if you give me the sun in my right hand and the moon in my left, I will not give up His work." Meaning, even had the Bedouins promised Muhammad the world, he still would not have changed course. Allah's messenger could not be bought at any price.

It was no easy mission. The remaining Muslims in Mecca continued to be harassed and boycotted. They were not allowed to trade or interact socially with the community, an ancient version of social and economic sanctions. In the end the boycott backfired. The stoic sufferings

of the Muslims evoked sympathy from the populace, gaining the new faith even more converts.

The Muslims continued to grow to a critical mass where they felt they could successfully challenge the existing order. The prophet (pbuh), fully aware that such an open declaration would result in an ugly and vicious civil war—pitting brother against brother, father against son, and uncle against nephew—sought another solution. Creating social upheavals would not be in the best interest of Islam or the community.

With guidance from Allah, he began preparing his followers for migration to Medina where he would encounter less resistance. His preliminary inquiries indicated that that community was more hospitable and tolerant. The migration was secretly planned and executed, with Muslims escaping in the middle of the night to avoid detection by their non-Muslim tribesmen. This migration, or *Hijrah*, was such a momentous event that the Muslim calendar began from that date, the first year of the *Hijrah* (AH) being 632CE (Common Era).

It is to be emphasized that the *hijra* was a positive mission to establish the first viable Muslim community, and not a negative one of escaping the persecution at Mecca.

Medina did prove to be a receptive environment. It became the first proper Muslim community, with the prophet (pbuh) able to spread his message more systematically and openly. And the faith continued to spread. But there were still battles to be fought and enemies to be overcome.

Of the many battles of the early Muslims, the two most celebrated ones were the Battle of Badr, in which the Muslims won despite overwhelming odds, and the Battle of Uhud, in which the well-prepared but over-confident Muslims were routed and with the prophet (pbuh) himself sustaining injury. These exploits reached legendary proportions to instill in Muslims the lesson that victory is not always assured simply because of the justness of the cause, and of the dangers of over confidence.

To me the genius of our prophet's military leadership was exemplified not in the heroic battles he won, rather in the conflicts he avoided. The peace treaty he signed with the pagan Meccans at Al-Hudaibiyah is particularly instructive.

It was the tenth year of the *Hijrah*, the prophet (pbuh) had declared his intention to lead his followers on their first pilgrimage to Mecca. He publicly demonstrated his peaceful intentions by forbidding his followers from carrying arms except their daggers, the traditional accoutrement of desert travelers. To the non-Muslim Meccans, the news was greeted with considerable apprehension; it meant another possible confrontation with the Muslims. It was also a frontal challenge to the Quraishi's authority as custodians of the Ka'aba.

As the Muslims were preparing for their pilgrimage, Muhammad (pbuh) sent numerous emissaries ahead to assure the Meccans of his peaceful and religious intentions. But the Meccans were not impressed and remained downright suspicious. They in turn sent delegations to Muhammad to discourage him and his followers from undertaking the pilgrimage, and also to assess the Muslims' strength. The Muslims were not dissuaded and proceeded with their pilgrimage. They encamped at the plains of Al-Hudaibiyah, just outside of Mecca. Legend has it that the prophet's camel refused to budge further. After a series of negotiations with and posturings by the Meccans, Muhammad (pbuh) finally agreed to a peace treaty. The Meccans were relieved in not having to fight the determined Muslims and Muhammad (pbuh) in turn was comforted by the fact that he had averted a civil war. He knew only too well that his followers would be fighting their own kin and kind. He also knew that the wounds of this fratricide would take a long time to heal.

Many of the Muslims were not comforted, as the treaty was decidedly lopsided in favor of the Meccans. The Muslims avoided a war all right, but the price was stiff; they had to defer their pilgrimage for a year and to stop spreading Islam among the Meccans. Delaying the pilgrimage was a tough sell as the Muslims were already in heightened

religious fervor. To be disrupted in one's pilgrimage is an event of singular significance to Muslims, then and now. In the end despite the rumblings, Muhammad (pbuh) was able to calm his followers. The treaty meant that the Muslims were spared further harassment from the powerful Meccans.

To Muhammad (pbuh), the big relief was in sparing lives and casualties both for his followers as well as for his kinsmen back at Mecca. The welcomed respite from fighting the Meccans also enabled the Muslims to concentrate on propagating their faith elsewhere.

In the following year when the prophet (pbuh) gathered his followers for the deferred pilgrimage, he had an even bigger crowd. More significantly, the Meccans were so impressed by the Muslims' peaceful mission and tolerant gestures the year earlier, contrary to the propaganda they had been fed by their leaders, that many joined the new faith. What had previously been perceived as a defeat for Muhammad (pbuh) and a victory for the Meccans, turned out a year later to be just the reverse.

THE RELEVANT LESSONS OF EARLY ISLAM

Much can be learned from the travails of the early Muslims. It helps considerably of course if God is on your side. That aside, there is much that we can emulate from the experiences and wisdom of the early Muslims.

First is the character of the prophet (pbuh) himself. Forgetting for a moment that he was Allah's chosen *Rasul* (messenger), there are many attributes of the man that are noteworthy. His style of leadership was one of personal example. Long before Allah chose him, he already had a reputation for honesty and trustworthiness, as attested by his title *Al-Ameen*. Further, he had significant worldly achievements before he became Allah's messenger. He was a successful trader, bringing bountiful profits to his employer. So impressed was her with his performance that she took the most unusual step of asking *him* to marry *her*. In a

society where a woman's status is only slightly higher than that of a camel, this was an unusual gesture on Khatijah's part. Even more significant, Muhammad (pbuh) was not threatened by her audacity, a reflection of his conviction that women shared equal standing with men: a revolutionary concept at the time. He married her and she later became his most ardent and important supporter.

Unlike our prophet, all too often today's Malaysian leaders have not demonstrated excellence in any endeavor. They may have dabbled in many fields but have left no significant mark; they are busy padding their resumes rather than achieving anything of significance. We have plenty of lawyers in Mahathir's cabinet but I would not trust any one of them to handle my traffic tickets. A few are former executives, but the companies they ran were monopolies; no particular managerial talent is required to run such enterprises. As for the academics in the cabinet, their scholarly achievements are such that they would have a tough time gaining tenure elsewhere.

The second point is that Muhammad (pbuh), in the hip-hop language of today, not only "talk the talk but also walk the walk." His commitment to equality was not mere lip service; he demonstrated it in the most dramatic ways. He abhorred slavery; and demonstrated this by freeing those slaves who became Muslims. Indeed some of his trusted companions and brilliant lieutenants were former slaves. He not only preached tolerance, but also personified forbearance and charity. Thus when his daughters married non-Muslims he did not disown them nor did he chastise their husbands or proclaim that they and their children would rot in hell. Yet today many supposedly devout Muslims willingly disown their own kin for much lesser sins.

Muhammad (pbuh) was no autocratic leader. In battles he consulted his lieutenants liberally; he did not embark on a course of action unless he could carry his followers with him. He knew that once his followers were committed, there would be no limit to their achievements. The near disaster they experienced at Uhud was in part attrib-

utable to the fact that many of the Muslims were fighting for the wrong reason—the spoils of war rather than for the cause.

We see this same phenomenon in UMNO today. Because it is the ruling party with many “goodies” in the form of public contracts and patronages to dispense, UMNO attracts many for the wrong reasons. Many members and leaders are fighting not for the party but for the bounty. The lowliest positions are keenly contested not because of the opportunity to advance the cause of the party but for the accompanying government contracts and largess they would bring. The opposition Islamic Party PAS on the other hand, with no comparable rewards to distribute, attracts only the most committed. The crucial test for PAS is when it gains control of a few more jurisdictions, and then the fight will surely begin.

Singapore's former Prime Minister Lee Kuan Yew, in the second volume of his memoir, related similar experiences with his ruling People's Action Party (PAP). As it has been in power for a long time, it attracted political climbers and opportunists rather than true believers. To his credit, Lee recognized this very early and took immediate drastic measures. He stepped up recruitments from other than the usual sources instead of merely waiting passively for new members. Today, Singapore's second tier of leaders includes some of its best and brightest who has been successfully recruited laterally, instead of depending exclusively on the rank and file. In striking contrast, Malaysia's young leaders are an uninspiring bunch. Indeed Prime Minister Mahathir lamented that he is trapped in his position. If he were to retire now (2002), there would be a mad and unseemly struggle for power.

One aspect of our prophet's leadership deserves emphasis. Even though he was painfully aware of his burden of spreading Allah's message and thus the righteousness of his mission, yet he demonstrated remarkable restraint. Thus he was willing to delay his pilgrimage, dear to all Muslims, for a year if that would avoid an unnecessary war. He was keen to heal, not create new or open old wounds. Contrast that to today's Malaysian leaders, Muslims and non-Muslims, who are so con-

sumed with the righteousness of their cause that they are prepared to create havoc, sacrifice lives, and even destroy the nation if that is what it takes for them to gain power.

What I find disgusting about Anwar Ibrahim, Malaysia's disgraced former deputy prime minister now jailed for corruption and sexual crimes, is his self-righteousness. He was willing to destroy the nation with his ugly street demonstrations (as he did in front of Queen Elizabeth II during the closing of the Commonwealth Games in Kuala Lumpur in 1998) to further his personal ambition. He was blinded by his personal obsession rather than thinking what was good for the country. Ultimately what is good for Malaysia would also be good for him and his followers; conversely what is bad for Malaysia must also be bad for them.

Similarly with PAS leaders; in their zeal for spreading the truth as they see it, it matters not whether they would destroy the nation. They are oblivious of the ensuing dangerous polarization of the *ummah* (community). They brazenly declare that those who vote against PAS are surely punching their ticket to hell. Such righteousness! Such certitude! That their listeners believe in such nonsense is reflective of the stupidity of both leaders and followers. Such crude preaching perverts the true message of Islam. To PAS and UMNO leaders, it matters not that their actions would create permanent deep fissures among Malays as long as they could capture votes. They are political animals to the core, rather than true leaders who will lead the nation to greater heights.

Malaysian leaders would do well to emulate our prophet (pbuh). It was not simply that he was preaching the message of Allah that accounted for Islam's phenomenal success; it was also the sheer power of his personality and sense of leadership that attracted many committed followers.

To his great tribute, Muhammad (pbuh) strongly discouraged a personality cult built around him. Imagine had he done so or in any way aggrandized himself. Muslims today would be busy adoring and wor-

shipping the man instead of his message. Muslim homes would be decorated with ornately framed portraits of the prophet, his family and companions. Mosques and monuments would be named after him. Muslim babies would be carrying amulets and other artifacts of him for good luck charms and symbols. Young Muslim radicals would be waving little green books and chanting "The Thoughts of Chairman Muhammad." In his wisdom the prophet (pbuh) clearly distinguished between the divine revelations he received, and his own preaching. With the former he made sure that they were immediately and accurately memorized and transcribed by his followers. But he specifically forbade them from recording his own words lest later Muslims would confuse the two messages. Because the prophet did not focus on himself but on Allah's message, the faith remains true to its original divine mission.

I look askance at today's leaders, especially in the Muslim world, where every home is adorned with portraits of the "beloved" leader. Every room and street in Baghdad is plastered with pictures of Saddam Hussein in various forms: farmer, soldier (highly decorated of course), and preacher. Iranians can hardly escape the scowling stare of Ayotallah Khomeini from every public wall.

Because he attracted such capable and distinguished personalities as his companions, Muhammad (pbuh) did not see fit to arrange for a formal succession mechanism. Rightly so, after all he was chosen by Allah to be His Last Messenger, and thus by definition, there cannot be a successor. Nevertheless in the ordinary workings of mortals, there must be a system for an orderly transition of leadership and smooth transfer of power. Fortunately his closest companions were men of integrity and honor. They learned well the lessons of Islam. Between them they were able to agree on a caliph, the successor to lead the faithful. The first was Abu Bakar, followed by Omar, Uthman, and lastly, Ali, the prophet's son-in-law. Their leadership was exemplary. Abu Bakar created a much-needed sense of stability and continuity. Uthman collated the revelations into the Holy Koran, a complete message

for mankind for all ages and at all times. Omar was a legendary administrator known for his fabled walkabout brand of management where he would disguise himself as an ordinary citizen and wander the streets to determine how his subjects were actually doing, instead of relying on reports from his subordinates. His kind-heartedness and concern for the ordinary citizens were the stuff of legends. Such achievements notwithstanding, three of the four Caliphs ended being assassinated by fellow Muslims. There are reports that Abu Bakar's brief tenure was because he was poisoned.

Muhammad (pbuh) was the personification of tolerance. Muslims today do not quite grasp this unique and enduring quality of our prophet. Much of the split in the Muslim world today is the result of differences in interpretations and not on matters of basic principles. The schism between the two major sects, Sunni and Shi'i, is over who should succeed the prophet, that is, differences over personnel, not principle.

One of the disheartening aspects of public discourse in Malaysia today is precisely this lack of tolerance of divergent opinions. Those who dare disagree are quickly labeled deviant, subversive, or worse, infidels destined for hell. Malaysians emphasize differences rather than commonalities.

Muslims are urged to emulate the ways of the holy prophet (pbuh). We cannot hope to aspire for his qualities of miracles; those are properly the exclusive gift of Almighty Allah. But we can emulate his other human attributes.

Earlier I alluded to his legendary tolerance. When his uncle Abu Talib died without embracing Islam, the prophet did not forsake him or condemn him to eternal hell. His uncle may not have been a Muslim but he was still worthy of Muhammad's love and respect.

When one sees the deep schism among Muslims today it is easy to forget that the essence of the faith is rather simple and agreed to by all. Islam's tenets are its five pillars: belief in Allah and Mohammad as his Last Messenger, and in the Day of Judgment; praying five times a day;

fasting during Ramadan; giving tithe; and if conditions permit, a pilgrimage to Mecca. Everything else are frills, ornaments that will vary with times and cultures. If we can tolerate these variations then we would be able to get along better with our fellow Muslims, and in turn, with non-Muslims.

Just as in a building, these pillars may be displayed differently. A functional builder shows the structural pillars boldly to glorify their massive strengths and advertise their supporting functions, as we see in modern warehouse-like offices. A more esthetic architect may want them camouflaged as Grecian or Roman columns. A post-modernist designer would hide or blend them into the walls.

So it is with Islam. Some Muslims display their faith exuberantly, others more subdued but no less pious. Living in America, I am blessed with the opportunity to learn from fellow Muslims from all over the world. From the conservative Wahabis I value the anchoring stability of traditions and rituals; from the liberal Ismailis, pragmatic accommodation. They both enrich my understanding of the faith.

Our prophet (pbuh) implicitly recognized this diversity when he declared, "Differences of opinion within my community is a sign of the bounty of Allah." It pains me immensely to see Muslims polarized and divided over mere interpretations. We should have a Jeffersonian generosity: every difference in opinion is not a difference of principle.

Islam spreads because people recognize implicitly the value and truth of this divine message. Ancient Malays readily accepted Islam despite its foreign origin because of its evident truth. Yet today we frequently hear the refrain that globalization and free enterprise are not suited for Malaysia because they originated with the Anglo Saxons and thus alien to our ways. If the ideas work, embrace them; if not, discard. The world readily accepted the Arabic numeral system without caring who invented it.

I find this insular attitude among Muslim leaders and scholars of denigrating and dismissing the works and contributions of non-Muslims dangerous and a major obstacle to the modernization of Islam.

Islam is too important to be left to the religious scholars alone. We would be abrogating our responsibility as Muslims if we suspend our critical judgment and blindly accept the pronouncements of our *ulama*. A passage in the Qur'an says that on the Day of Judgment we will be judged by our own deeds. We cannot excuse ourselves by saying that we followed the teachings of this *alim* (singular for *ulama*) or that scholar.

It is instructive that one of the significant advances in medical education in the 20th century was started not by educators or even doctors, but an insurance salesman, Abraham Flexner. Prior to 1911 medical education in America was a haphazard affair. A medical college was less a place to train doctors but more a moneymaking enterprise. And the product showed. In 1911 Flexner, appalled at how future doctors were being trained, produced his famous report that later became the basis for revamping medical education in America. Today American medical schools are unanimously regarded as the best. Had the medical establishment simply dismissed Flexner because of his lack of medical or educational training, American medical schools would have remained third rate.

In the final analysis it is the merit of the idea that matters, not where or from whom it originated.

THE EUROPEAN REFORMATION

The Reformation refers to the religious revolution that took place in Western Europe during the 16th century. The pivotal event occurred in October 31, 1517, when the German preacher, Martin Luther, publicly posted his *Ninety-Five Theses* challenging the authority and practices of the Catholic Church. Needless to say, the Pope was not amused. Luther's aim was to reform the institution; instead his protest ended up splitting the church, hence the terms Reformation and Protestant.

Luther was not the first, nor the only one to protest. To understand why there was such widespread discontent among Christians then, an account of the behaviors and practices of the Church establishment at the time is warranted.

The Church during Luther's time was more than a pan-European religious institution. It was also the unchallenged social, political, and even economic power. Having wielded unchallenged authority for so long, it was inevitable that corruption, nepotism (or to put it in modern political term, cronyism), and other unsavory practices would emerge among the Church practitioners.

A few examples will illustrate the decadent state, both with personnel as well as practices. The clergy was less concerned with ministering to the needs of the faithful than being powerful potentates indulging in the material offerings of their followers. The masses and the educated disliked the clergy class; offended by both their lifestyles and theological practices. The clergy reserved unto themselves the sole right to interpret the bible, written as it was in the ancient and dying language of Latin. Mere mortals need not partake in such intellectual and spiritual exercises. Suffice for them to listen to Sunday sermons and the pithy wisdom dispensed by the priests and bishops. While the peasants were struggling, the Church continued to use its funds to build ever larger and grander churches in Rome. Egregious abuses of power by the clergy were rampant. One Cardinal John of Lorraine, for example, received his first religious appointment at the tender age of three! No less scandalous, his nephew received the archbishopric of Rheims, a significant position, at age 14. Church properties and titles became possessions of great families to be dispensed at their pleasure. One prelate, Albert of Brandenburg, spent his time traveling in style, attended by his mistresses tactfully dressed in male costumes. Well, at least they were not the choirboys!

The Church was no less ingenious in raising funds. Apart from the standard solicitation of gold for church appointments and dispensing repentances for the princes and other aristocrats, it initiated other

novel schemes of extracting wealth from the masses. One is the practice of "indulgences," where the clergy would dispense pardons for the sins of the faithful (or their loved ones), all for a fee of course. We are familiar with the confessionals, where every Sunday the faithful confess their sins to and receive repentance from the priest sitting behind the closed curtain. Presumably the slate would thus be swept clean, ready for the following week's transgressions. The only problem was that there was no exchange of cash or coins, but this was soon corrected by the avarice of the clergy. Enter the "indulgence" boxes.

With the tinkling of every dropped coin into these boxes, supposedly the doors to heaven would open for the salvation of a designated soul, or so the faithful were told. It was a sophisticated theological rendition of the old "wishing well" idea. The concept was a resounding success, with the rich and poor rushing to deposit their gold coins to save the souls of their departed loved ones. I can imagine at the end of the day the bishop coming home with the boxful of glittering gold. If he had not been tempted before he would certainly be by now. Besides, he could always blame the devil!

As a revenue-generating scheme, the indulgence box was pure genius. It certainly beat taxes where you would be forced to cough up with the money. With the indulgence boxes the faithful willingly parted with their gold. The ploy was even better than church-sponsored bingo. With bingo there are eager participants too, but there will only be a few winners; the majority will receive nothing. With indulgence boxes, perversely all the participants felt that they were winners as they parted with their coins. One could not concoct a better scheme than that! No wonder it was so popular.

The indulgence boxes epitomized the corruption and depravity of the clergy class that so enraged Martin Luther and others. When he nailed his *Theses* on that church door he was frontally challenging the establishment. He enumerated the egregious abuses and outright fraud perpetrated by the priests, a long list eloquently spelled out in a common language understood by the masses, and not in some obscure

fancy Latin. The results were electric: the masses overwhelmingly supported him. The Church demanded that he retract his accusations or face excommunication. Or worse. Luther did not budge but became even more strident in his denunciations.

Luther was not the first to be incensed by the excesses of the Church. Two centuries earlier England's John Wycliffe too rebelled against the tyranny of the clergy. He and his followers were persecuted as a result. John Huss of Bohemia amplified on Wycliffe's ideas and ended up by being burned at the stake. The risks to reformers then, as now, were indeed severe. To appreciate why Luther succeeded and did not end up being burned at the stake as others before him were, it is necessary to examine other parallel events occurring at the time.

Martin Luther was helped considerably by four converging trends. First, the excesses and abuses of the church had been going on for centuries and that sooner or later they had to end, to implode. Luther appeared when conditions were just ripe, resentments and anger had reached a critical stage. Second, there appeared throughout Europe universities that were outside the influence of the church. At such centers like Oxford there emerged the new movement of humanism that emphasizes the centrality of man and his ideas. This directly challenged the hegemony of the church that hitherto felt it had the final and sole authority to interpret everything. Third was the ready availability of the printing press that enabled ideas to spread far and wide, and very quickly too. Luther took full advantage of this new medium to disseminate his ideas. With the masses now able to read and reading materials widely available, the clergy no longer had the monopoly on knowledge or information. Last, with the emergence of the political idea of nation-state, Luther was able to capitalize on the national sentiments of the Germanic people against those of Latin Europe, in particular, Rome. Luther was greatly helped when the local bishops shipped off the gold (after their have taken their generous portion) to Rome for building yet another monument there.

What are the relevant lessons from the Reformation? The first is that institutions and people with entrenched and unchallenged power will inevitably be corrupted; the greater the power, the worse the corruption. It matters not who these individuals are, for even the most pious are not immune. Second, the more entrenched the power, the more difficult it would be to eradicate the abuses without dismantling the whole structure. The European Reformation resulted not only in the formation of many breakaway Protestant sects but it also spawned a counter reformation within the Catholic Church. Third, Luther had been through and excelled in the system; thus he had great credibility when he challenged the existing order. Fourth, he personified the very opposite qualities for which he criticized the Church. Where the clergymen were ostentatious, Luther was modest; while they hid behind their obtuse Latin, Luther used the language of the common folk. Being highly educated, he was also facile with Latin. Additionally he had a complete and viable alternative program ready. He had written not only his *Ninety-Five Theses* but also a whole set of sermons, hymns, and catechisms for his new church so that when he was expelled from the Catholic Church, he had a ready alternative. Luther did not have to scramble from scratch.

By far his most important strategy was to align his movement with the emerging new ideals. He shrewdly capitalized on the burgeoning nationalism, effectively exploiting the "us versus them" theme—the "them" being the distant church in Rome and the Italians. Similarly, he aligned himself with the growing humanist movement of the day. All these convergences helped him succeed.

When I compare Luther's reformation with the Malaysian *reformasi*, (at the risk of flattering Anwar Ibrahim, its leader, by comparing him to Martin Luther!) a number of glaring differences emerge. Like the Catholic Church in the Middle Age, Malaysia's ruling party is also burdened by corruption and cronyism, a consequence of being in power for so long. But Anwar was no Luther. For one, Anwar was no different from the characters he so severely criticized. He too had his share of

cronies and favorites. Two, Anwar's *reformasi* forces aligned themselves with foreign elements rather than domestic ones. It was as if Luther was trying to co-opt the Italians for support instead of his own German followers. *Reformasi* activists did use the new medium of the Internet to galvanize support and to discredit the ruling Barisan government. The only problem was, Malaysians generally and *reformasi* followers in particular were not quite savvy with this new medium.

While Luther's *Theses* was detailed, articulate, and down to earth, Anwar's Permatang Pauh Declaration (its "Mission Statement") was brief, pompous, and pretentious. Luther's views were well known as he had articulated them well and often. He even put down details of his church services right down to the hymns and sermons. He wrote voluminously. In striking contrast, to this day Malaysians still do not know the objectives of *reformasi* and the political party it spawned, Keadilan. Keadilan is still fumbling with such issues as the role of religion in a plural society, inequities within and between races, and special privileges for Bumiputras.

But the most critical lesson is how to prevent the government and other institutions in Malaysia from degenerating into a medieval Catholic Church. Distressingly Malaysia today is acquiring many of the unsavory characteristics of the medieval church. Malaysian institutions are under tight government control. Additionally, the government is a significant player in the economy, controlling many major corporations. As a result corporate decisions are influenced less by market factors than by political calculations. The most glaring example is Malaysia Airlines, which stumbles from one major crisis to another. Despite that it continues to be led by less-than-competent political appointees. Current political leaders in Malaysia are control freaks, unable or unwilling to relent.

The differences between the medieval Catholic Church and the Malaysian political establishment today are merely quantitative, a matter of degree. Unchecked, Malaysia too will meet the same fate as the Catholic Church.

THE MEIJI RESTORATION

Japan of the 18th century was a feudal society. It was ruled by a series of territorial warlords, the shoguns. The society was rigidly stratified, with the samurai or warrior class on top, followed by peasants, artisans and, way at the bottom, the merchants. Surprisingly the peasants were regarded higher than the merchants because those peasants, being farmers, at least produced something useful and tangible.

The foreign missionaries that had come to Japan were preaching to an increasingly receptive mass, a development that threatened the established social order. The Japanese were only too aware that in nearby countries the foreigners were becoming very assertive. The shoguns rightly viewed the mounting activities of foreigners around and within Japan with increasing alacrity.

The shoguns could not care less about the British in China, but they had to deal with the foreigners within their midst. To control what they regarded as the "menace of the White man," the shoguns decided to suddenly seal off the country. The missionaries were forcefully expelled, and those remaining were massacred. The sentiment of the time was encapsulated by the popular slogan, *Sonno joi* (Revere the emperor, expel the barbarians). This sealing up of Japan lasted until the late 19th century.

The Japanese may have thought that they had dealt effectively with the issue of foreigners by cocooning themselves. Unfortunately the world around Japan carried on with its own pace. The imperial powers of the day continued their activities in the region. To them Japan is no different from the other Asian countries, to be colonized or at least plundered through trading. Being dismissed as mere barbarians did not stop them from meddling with Japan.

Despite the sealing of the country, the Japanese were not totally unaware of the happenings around them. China had been "opened up" by the British through the Opium Wars. These developments further strengthened the arguments of the Japanese nationalists to keep for-

eigners out at all costs. The realists among the Japanese however, knew that Japan must deal with the inevitable forces around them. A few advocated accommodation before Japan would be completely overwhelmed. Others suggested the blending of Japanese and Western values, and coined the slogan *Toyo no dotoku, Seiyō no gakugei* (Eastern ethics, Western science), but these moderate voices were drowned out by the fierce nationalists. Those who advocated reform or opening up Japan were ostracized and forced to commit suicide in shame, and those who failed to do so were assassinated. Thus the opposition forces were effectively neutralized.

Despite that, by the 1830's the shoguns were clearly losing control, and with it the loss of respect. Their failure to deal with the concomitant internal crises of drought and crop failure, and the subsequent famine further undermined their authority. And with rampant corruption and incompetence in the ruling class, the stage was set for a revolution.

At about this time, in July 1853 the American steamship US Commodore under Matthew Perry steamed into Edo Bay with four other escort ships. His mandate was clear: to open up Japanese ports for provisions, fuel, and trade. He impressed upon the Japanese that, sealed or not, Japan had to accede to his demands. Having presented the ultimatum, he abruptly left, with the promise to return the following year to hear the answer. Such confidence!

The Japanese were totally confounded by this brazen breach of their shield. They thought that they had effectively protected themselves against those evil foreigners. When Perry returned later in February of 1855, this time with nine ships in case his earlier message had not registered, the Japanese were powerless to resist. This show of power by Perry was so overwhelming that the Japanese had no choice but to agree to the terms dictated. Having sealed their nation from the outside world they suddenly realized how far behind and backward they were. The Japanese door was not merely pried but smashed wide open.

Emboldened by the American success, other foreign powers quickly forced Japan to sign similar treaties with them, with each nation seeking even greater concessions. The Japanese were forced to sign lopsided treaties. One galling aspect of those treaties was the extra territorial rights granted to foreigners. Foreigners who broke Japanese laws were to be tried by their own consul and not Japanese courts. This humiliated the Japanese.

Perhaps the shogunate would have crumbled anyway even without the foreigners greasing the skids. There were attempts at change from within; alas those reforms were too little, too late. With the shogunate weakened from within and without, supporters of the emperor (who hitherto had been shunted aside) seized power under the pretext of "restoring" the monarchy. Thus began the Meiji Restoration in 1868; the emperor was only 15 years old when installed. The shoguns had ruled for over 700 years, and in the end they could not deal with the internal changes brought by their own corruption and incompetence as well as by the external challenges posed by the foreign powers.

It was unlikely that the "restored" Emperor Mutsuhito (only later called Meiji, the Age of Enlightenment), being only a teenager at the time, could have masterminded his own comeback. He was obviously the front or agent for his court officials or those who wanted to institute changes in Japan. Surprisingly, most of the emperor's advisors were young men too. They were consumed with their desire to do good for their country and also of course, for themselves. Getting rid of the shogunate was their first objective, but unable to do that by themselves, they used the convenient banner and authority of the emperor. Perhaps it was a blessing that the emperor was so young; he did what he was told by his equally young advisors. Or perhaps, advisor and advisee, being of the same generation, were more or less in sync in their thinking and attitude.

Just three months after being restored, the reformers, through the emperor, made a historic proclamation called The Charter Oath of Five Articles. It promised:

- Public discussion of all matters;
- The participation of all classes, high and low, in the administration of the state;
- Freedom of all persons to pursue their own calling;
- Abandoning the evil customs of the past and to rely on the just laws of Nature;
- Seek knowledge from throughout the world so as to strengthen the foundations of imperial rule.

Seen in the context of a feudal society, the declaration was truly radical. Calling for the participation of all classes in the administration of the state, not just the nobility and warriors, was distinctly revolutionary. Similarly, the freedom to choose one's own calling or career represented a quantum leap forward in thinking in a society where previously what you did or who you were was dictated by your class or birth. The last two elements of the charter reflected the recognition by the young imperial advisors that the ways of the old were clearly wanting and that they had a lot to learn from the outside world. Merely shutting themselves off from foreign influence was not the answer. Instead the Japanese had to learn from the advanced societies of the time: the West.

The old mantra of revering the emperor and expelling the barbarians was replaced by more pragmatic and decidedly constructive slogans, such as *wakon yosai* (Japanese spirit, Western learning).

The Japanese took to learning from the West with a vengeance. Initially, as would be expected of a nation that had been humiliated, the Japanese were intent and content with merely aping the ways of the foreigners. Thus they began sporting coat tails and European-style sideburns. The latter must have been a particularly difficult achievement for the non-hirsute Japanese! A minister even divorced his wife formally, Western style, instead of merely tolerating her and taking on

concubines. That would have been, well, so Japanese! The Japanese even converted their calendar to the Western Gregorian one. But amidst such banalities and trivialities, the Japanese did commit themselves to learning the more enduring values of Western civilization. English classes were held everywhere and Western books were widely translated into Japanese. Japanese masses were now exposed to the great philosophers and thinkers of the West.

To dramatically symbolize its new beginning and break from the past, the Meiji administration moved the capital from Kyoto to Tokyo. Perhaps the most distinguishing feature of the new regime was its committed and disciplined search for models outside of Japan that would be applicable in rebuilding its own institutions.

This commitment to Western learning was publicly demonstrated when the government dispatched a "learning mission" to the capitals of the modern world. The mission, composed of ministers and senior administrators, circled the globe visiting advanced countries, learning and making comparative studies of the various governments, systems of education, industrial development, and economic models. Japanese embassies were specifically instructed to observe the systems and institutions in their host countries that were worthy of being emulated, and to scout for talent to be recruited to teach the Japanese. Leading American educators were invited to help modernize the schools and universities. The Japanese were fully cognizant of their backward status, and they were intent on modernizing. They were committed to learning the best from the West.

The Japanese made the profound yet simple discovery that learning and interacting with foreigners did not in any way compromise their own independence. More significantly, they realized that the advancement and superiority of the West was of recent onset and that Japan was not that far behind after all. And that with hard work and eagerness to learn, they were confident they could catch up.

That such a learning mission was created in the first place was remarkable. It conveyed the Japanese total commitment to learning

from others. Imagine senior administrators and ministers leaving en masse for months on end, with Japan essentially under caretakers' hands or absentee government. In many countries there would have been a *coup d'état*. But the ministers and administrators returned with renewed vigor and utter confidence in their nation's ability not only to learn the best but also to catch up and eventually join the ranks of developed nations. This Japan did very successfully, and like the West, Japan too went on to become a colonizing power, much to the chagrin of her neighbors, especially China and Korea.

Within a generation Japan was transformed from a xenophobic closed society, steeped in its feudal ways, into a modern egalitarian state, and at the same time restoring its traditional imperial emperor. Truly remarkable! With that transformation, Japan went on to become a major power, able to conquer militarily most of Asia in World War II, and to economically dominate most of the world in the later half of the 20th century.

In any revolution, and the Meiji Restoration was one, there would inevitably be winners and losers. In this instance, the nation as a whole emerged the winner. But within its society there were definite casualties. Clearly the warlords and assorted nobilities lost; they became irrelevant with the centralization of administration in Tokyo. The egalitarian policies benefited the masses. The removal of the ban on intermarriages between the different classes was symbolic of this new attitude towards equality. Farmers too came out ahead as they were now no longer tenants but able to own the land they tilled, a significant step forward towards private property ownership.

When Emperor Mutsuhito died in July 1912, he was given the name of the momentous period he had overseen, the Age of Enlightened Rule: the Meiji Emperor. Japan and its people had indeed undergone a historic transformation, all within one generation.

Why did the young imperial advisors use the emperor and not do it themselves? They knew that the ideas they were contemplating and the changes they were embarking upon were truly radical. These changes

would be more readily acceptable to the masses when presented wrapped within the cloak of their traditions. Thus they shrewdly used the emperor as a convenient vehicle.

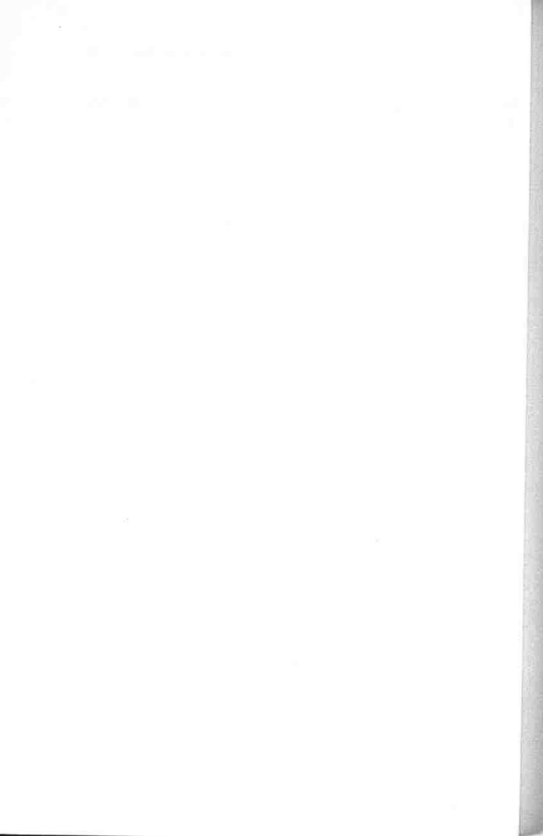
A generation later at the end of World War II, General Douglas MacArthur wisely used the institution of the emperor to successfully institute yet another radical change in Japanese society. He effectively democratized Japan under the banner of the emperor.

I have little sympathy with modern-day Malay "reformers" who are intent on imposing changes on our society without heeding our underlying cultural traditions. Such calls as *Melayu Baru* (New Malay) and *Reformasi* would have Malays be ripped off the anchoring stability of our traditions and heritage. Such attempts at reform are bound to fail. We must use the elements of our culture to effect changes. As an example, Malays are deeply attached to Islam and to the sultans. That being the case we should reform the institutions of Islam and royalty first, and through them effect changes on the greater society. We can begin by having enlightened and progressive *ulama* lecture to our students and in our mosques. We should have more reasoned and cerebral sermons instead of the usual fire and brimstone variety. If we can reform our *ulama* not to be obsessed with the hereafter and instead focus on the present life first, then we may be able to persuade the masses. We do this by changing the ways they are being trained. Exposed them to modern ideas. It is too late to change those already set in their ways but we can do something with the next generation of *ulama*. Likewise if we can reform our sultans and princes, making sure that they are well educated and exposed to progressive ideas, then they would become valued role models.

What impressed me about the radical changes in early Mecca during the time of our prophet, in medieval Europe during the reformation, and in Japan during the Meiji Restoration, was the exemplary leadership of those who profess to make those changes. The reforms began with them, and then filtered down. To effect comparable reforms in contemporary Malaysia, its leaders (political, hereditary, and religious)

must first change their ways. Reforms must begin with them, and then through personal examples, filtered down to the masses.

While this chapter focused on examples from the past, the next one will deal with more contemporary societies, to reemphasize my theme of how to effect changes and reform.



4

Modern Model States

The lessons of history are certainly instructive. In the previous chapter I explored how the ancient Arabs responded to internal challenges posed by the message preached by Prophet Muhammad (pbuh). The European Reformation was also a challenge from within to an increasingly centralized, corrupt, and autocratic Catholic Church. With the Meiji Restoration, superior outside forces challenged an already weakened Japanese society.

Current interpretations of these long ago events are just that—interpretations. Had the Japanese won World War II and remained an imperial power today, I am confident that we would have a much different take on such seminal events as Commodore Perry's intrusion and the Meiji Restoration. Similarly, had the Catholic Church succeeded in nipping the bud of the reform movement and maintained its dominance, Martin Luther would literally have been in the ashes of history; he would have been burnt at the stake.

For these reasons more contemporary examples are needed to illustrate my points on human progress. In this chapter I will delve into how previously backward and poverty-stricken states of the 20th century managed to transform themselves into modern nations. These transformations were truly remarkable, with profound and irreversible changes taking place within a short span of time, often within the memory of their current citizens.

I choose three examples from three different continents, each representing a different set of culture and race. First is South Korea; its transformation is truly miraculous, especially when compared to the

fate of its cousin to the north. North and South Korea began at about the same stage of development after suffering the devastations of WWII and the Korean War. Today, the south enjoys a First World standard of living (recent economic setbacks notwithstanding) and is poised to join the ranks of developed nations. It successfully hosted the spectacular 1988 summer Olympic Games. South Korean brands of consumer goods flood the world's market. Meanwhile the North Koreans are barely surviving and are repeatedly threatened with famine. Same biology, same geography, and essentially same culture; the only difference is their economic system, and of course, their leadership.

Across the Eurasian continent and with an entirely different race, culture, and religion, is that little island of Ireland. This Celtic "tiger," just west of Britain and long colonized by her, has come a long way from when it was best remembered as a source of poor immigrants, to become one of the powerhouses in the hi-tech industry.

There are many other countries that have successfully transformed themselves. I purposely choose not to use two close and ready examples: Hong Kong and Singapore. With their small populations and landmasses, they do not hold many relevant lessons for Malaysia. By American standards, Hong Kong and Singapore would be considered midsize municipalities. Just as there is a quantum leap in the skills required to manage a large corporation as compared to running a simple roadside stall or "mom and pop" operation, so too there are significant quantitative and qualitative differences in leading a large and diverse nation as compared to being the mayor of a city. The leaders of Singapore and Hong Kong may have fancy head-of-state titles but functionally they are just mayors.

My third example is a negative one, of how *not* to do things. Using a negative example is frowned upon as a teaching technique; nonetheless sometimes a principle is best illustrated by doing so. Argentina, endowed by nature's bounty was, at the beginning of the 20th century, one of the richest countries and its citizens enjoying one of the highest standards of living. But today it is an economic basket case. As of my

writing it was also undergoing a political crisis, having gone through five heads of state in as many weeks. Argentina epitomizes the whole of Latin America; of opportunities missed and good fortunes squandered. Argentina is also a tragic reminder that nations do not prosper simply because they have been blessed with abundant natural resources. Indeed through human greed, extravagance, and folly such valuable God-given assets can easily become liabilities. One needs only look at the Arab states and Brunei to be reminded of this sober reality.

None of these three countries are exactly like Malaysia. I will recap the differences and similarities, and the lessons for Malaysia, after we explore each country.

THE ASIAN MIRACLE—SOUTH KOREA

In the 1950's the Filipino government was sending community development officers to the Republic of Korea (ROK) to help the Koreans recover from the devastations of war. Today the two Asian nations could not be more different in the quality of life of their people. The *Economist* noted that in 1964 Zambia had a per capita GDP twice that of ROK, but by 1999 the South Korean figures had rocketed to over 27 times that of Zambia's. South Korea is now among the top twelve trading nations. Its upward trajectory was briefly interrupted by the Asian economic crisis of 1997, but it is now back on track.

No one would have predicted back in the 1950's that this Asian nation would be a model of success that it is today. Indeed the first half of the last century had not been kind to South Korea. Yet it succeeded, and did so by flouting every conceivable rule of modern developmental economics. It unabashedly adopted central planning, complete with Soviet-style Five Year Plans and the state assuming a dominant role in business. The state directs major investment decisions and allocates scant resources, including credit. It was not shy in strategically intervening in the economy when it deemed necessary. South Korea's strategy had been labeled "guided capitalism." Politically, for most of the

last half of the 20th century, it was ruled by a series of strong and autocratic military leaders. Indeed Korea's economic development began with its military dictators.

Korea's military rulers, through discipline, hard work, and commitment to trade transformed the nation. The generals treated the country like an army at war, with strict regimentation, top down command, and single-minded pursuit. They brooked no insubordination or opposition. The whole nation was conscripted into a war mode to develop the country. This war mentality, partly egged on by the very real communist threat from the north, pervaded every sphere of South Korean thinking and action. Every opposition and obstacle had to be crushed; every resource of the state had to be focused to this overriding goal of economic development.

South Korea's remarkable economic achievements were not however, accompanied by a comparable social and political development. Nonetheless with it joining the ranks of the developed nations and with the increasing affluence of its citizens, democratic reforms and increased freedom and liberties for her citizens must necessarily ensue. Besides, there is no value or joy in having democratic freedom while the citizens are starving. Look at the Philippines and Haiti. What a mess! The luxury of choosing one's leader is just that—a luxury. It is more relevant that the leader, whether anointed, elected, or one who simply grabbed power, be competent and dedicated. As long as a leader is capable, it matters not how he achieved power. The only advantage of representative democracy is that when you are stuck with a bad leader you *may* have a chance to get rid of him peacefully at the next election, assuming of course that it would be free and fair. The disadvantage is that you cannot blame anyone else for choosing that leader.

Whatever may be said of the South Korean generals, no one would dispute that they were indeed competent economic managers and pursued progressive economic policies. They may not be enlightened in the views of modern libertarians, but they have achieved their primary goal: to make sure that their people are not starving. Having accom-

plished that, the South Koreans can now look forward to loftier goals, like greater prosperity and increased freedom.

For a significant part of the 20th century Korea was a Japanese colony. Japan annexed the country and did all it could to annihilate the Korean culture and identity by absorbing or more correctly, subjugating the Koreans. The teaching of Korean language for example, was prohibited and Koreans were forced to adopt Japanese names. The Korean economy was entirely controlled by the Japanese. Had it not been for Japan's defeat in World War II, the Koreans would more probably by now be a lost ethnic entity.

The Japanese defeat gave the Koreans their independence. Unfortunately the nation was immediately trapped in the emerging Cold War, with the Americans and the Allies on one hand, and the Chinese and Russians on the other. The Korean War was settled with the present boundary between North and South arbitrarily set along the 38th parallel. The Korean War and its sequela cost thousands of lives and misery to millions more, borne primarily by the Koreans themselves.

Right from the start South Korea was at a distinct disadvantage compared to North Korea. Most of the industries were in the north, including vital chemical plants to produce fertilizer. Even electricity came from the hydroelectric generators in the north. The railroad in the south too was dependent on coal imported from there. To compound the challenges, most of the industries had been owned and operated by the Japanese. And with their exodus following World War II, these factories were essentially abandoned.

At the same time South Korea was inundated with refugees from the north and the emigration of Koreans from Japan. Between 1945 and '46 its population swelled by a whopping 21 percent!

Korea, or at least that part south of the 38th parallel, "elected" Syngman Rhee as its first president in 1948. This Princeton-educated man proved that one can get an Ivy League education and yet remain very much provincial, absorbing none of the refined aspects of American culture. He turned out to be a run-of-the-mill dictator, ostensibly

cloaked in the niceties of democracy. Rhee epitomized many Third World leaders, past and present. They may have graduated from top Western universities, but apart from the parchment papers they collected, they have learned nothing about what makes the West great. They must have not ventured much beyond the lecture halls and libraries of those august institutions.

Rhee did learn something about America: how to play on her vulnerabilities and obsession with its own version of freedom and democracy. He milked America to the maximum such that for most of his tenure, the main if not the only contributor to Korea's budget was American foreign aid. And the main source of income for Koreans was the spending money of the well-paid American GIs and foreign aid workers stationed in Korea.

Rhee's corruption and manipulation of the Korean constitution and institutions continued while his nation was spiraling down the abyss. The ending was predictable. He was exiled to a comfortable life in Hawaii in 1960, leaving his country in a total mess.

The military, the only disciplined organization left, staged a coup led by General Park Chung Hee in 1961. Park treated the country as a strict sergeant major would an ill-disciplined bunch of peasant youths. He was banking that after such a rigorous training, the youngsters would be so pleased with their new spit and polished look that they would forget the ordeal they went through and be forever grateful to the drill officer. Park was fully aware that he did not have political legitimacy but was counting that with economic success he would win the hearts of his people. Reaching the heart via the stomach, a time-proven strategy.

Park's first five-year economic plan emphasized industrialization, especially for exports, with heavy state involvement and direction. Despite the well-known natural antipathy the Koreans had for the Japanese, Park, having spent his youth in Japan, did not hesitate in learning from his former colonial master. His strategy was not only to emulate the Japanese but also to better them. Industrial workers were

covered and strikes banned, with the single-minded purpose of beating the Japanese at the industrialization game. Exports were encouraged through various subsidies, tax incentives, preferential access to capital, and generous depletion allowances. Savings were similarly encouraged. The Koreans were diligent students, copying the Japanese in every way, including producing their own version of the Japanese *keirutsu* (conglomerates)—the *chaebol*.

Park was a tough taskmaster but he certainly had vision. He excoriated his people for their poverty and primitive ways and exhorted them to change their ways so that they would be resilient so as not be colonized again. To Park, Korean farmers were a lazy bunch, given to drinking and gambling. (Park's remarks reminded me of Mahathir's frequent outbursts on the indolent ways of Malays.) Using nationalistic appeals together with bold economic planning, Park embarked South Korea on an ambitious path of economic development. He built the spanking new Seoul-Pusan expressway not only because it was a much-needed infrastructure but also to showcase Korean engineering talent and construction capabilities. He also encouraged and supported South Korean construction companies to secure lucrative contracts abroad, especially in the Middle East. In contrast to earlier industrialization policies based on import substitution, Park strived for exports. He set and repeatedly raised his targets, all along exhorting his people. He made a giant leap forward with his ambitious Heavy and Chemical Industries (HCI) Plan, again geared primarily for exports.

Nor did Park neglect the countryside. In 1971 he launched a massive rural development scheme, *Saemaul Udong* (New Village Movement), aimed at improving living standards and income for the villagers. Park also had a more noble but nebulous goal of promoting "spiritual enlightenment." His rural development plan began in a highly dramatic and very physical way. He ordered the traditional thatched roof of farmers' dwellings be replaced with modern corrugated metals, and later, concrete tiles. Between 1972-79 nearly two and a half million rural homes sported this new roof. Never mind that these

modern materials provided no insulation against the bitter winter cold or searing summer heat. They *looked* modern compared to the thatched roofs, and that was what Park was trying to achieve. Additionally he ordered village streets and housing facades be straightened. He wanted no untidiness and messiness. Park's style was more into military barracks: cheap, clean, purposeful, and spartan. He brought a very visible physical change to the countryside.

Rural development did not end with the cosmetic improvement of farmers' homes. Park brought in electricity, massively subsidized, so peasants could install radios and televisions that would bring them into contact with the modern world. Roads, bridges, and irrigation channels were built, all to modernize the countryside. And with that physical transformation, he hoped to bring about comparable social and psychological changes in his people.

Like everything else associated with the military mindset, in the end these rural development programs degenerated into means of social control of the population—Park's "spiritual enlightenment."

The Koreans were diligent learners; they bested the Japanese. The hard-working Japanese looked lazy in comparison to the maniacal Koreans, so complete and successful the emulation.

The headlong rush towards industrialization carried a heavy social toll. With resources diverted towards heavy industries and the military, precious little was left for social development. Housing prices hit the roof and prices of common consumer goods spiraled up. These social problems were compounded by Park's increasingly authoritarian rule and the menacing activities of his Central Intelligence Agency (CIA) that seemed to have learned only too well from the excesses of its American counterpart. Legitimate students' and workers' protests were brutally suppressed, turning their victims into martyrs. These fissures in Korean society were exacerbated with the inevitable economic slowdown. In the end Park's own CIA chief assassinated him in 1979.

Park's social policies offended many civil libertarians but the results of his economic strategies were impressive. And with the tangible suc-

cesses, the Koreans acquired the confidence to proceed to the next stage of development.

Following another period of political crisis, General Chun Doo Hwan seized power. Aware of his limitations on economic matters, Chun proved to be a diligent and fast learner. He was smart enough to choose seasoned economists trained at prestigious American universities as his advisors. These economists, steeped in the tradition of America's free enterprise, steered Chun to make major adjustments more in line with modern economic realities. Some of Park's more ambitious projects that simply did not make much economic sense were either shelved or scrapped, and the Korean economy was gradually liberalized. Unfortunately Chun suffered a severe setback when North Korean agents assassinated many of his senior advisors in Rangoon in 1983. And like his predecessor Park, Chun's administration was also mired with repeated scandals of corruption, often involving his immediate family. In the end he too was forced out.

Having liberalized its financial institutions, Korea began to attract foreign money. But these new foreign funds began shifting from direct investments in factories and plants to short-term capital inflows that merely fueled the stock market. Buoyed by Korea's economic successes and buoyant equity market, foreign lenders were eager to lend and the Koreans equally willing to borrow. The government implicitly encouraged this by lowering interest rates and fixing its currency to the dollar. Alas, success brought with it its own excesses and evil. With the inevitable overcapacity and the developing Asian economic contagion that began in Thailand in June 1997, Korea too was caught in the maelstrom. These "hot money" fled as fast as they came, leaving Korea and its heavily indebted industries and *chaebol* in deep financial crisis.

With International Monetary Fund's (IMF) help, the 12th largest economy was saved from default; so too was the world's economic system. But that help came with some very stiff terms. Korea had to raise its interest rates to usurious levels, shut down excess capacity, and further liberalize its system. The effects of the remedy are such that to

Koreans the acronym IMF stands for "I Am Fired!" Today South Korea has substantially recovered from those dark days of 1997, aided no doubt by the painful structural adjustments imposed by the IMF and the sheer grit and determination of its leaders.

Korea's recent economic turmoil was often described in apocalyptic terms. A reality check is in order. It was never in any danger of collapsing, but its overeager lenders at Wall Street were, as they were so vulnerably overexposed. Besides, even if the country were to default and its economy collapse, Korea would still have its highly educated and entrepreneurial workforce, the discipline of its people, and all those wonderful infrastructures. And to top it, the political will of its leaders.

The recent setbacks notwithstanding, Korea's achievements are truly remarkable. Here was a country with no natural resources, been colonized, and then occupied by a foreign army, becoming a top economic power in just one generation.

Volumes have been written on the South Korean phenomenon. Many attribute it to the mysterious and of course superior "Asian values" and Confucian ethics. Alas these pat explanations have ready debunkers. North Koreans too had similar values and ethics, but that did not land them far. In North Korea that same Confucianism gives rise to paranoid xenophobia. Nor can the champions of free markets claim much credit because the government was heavily involved in central planning and in the economy. These are anathema to free market advocates. Indeed the Soviets too would be pleased with Korea's own series of Five Year Plans.

The Koreans do have something going for them—their respect for learning and value for education. Korea rightly emphasized education, not just any type of education for that could have easily ended up producing highly educated taxi drivers and petition writers as in India, but one that emphasizes the sciences, mathematics, technology, and English. Eager bright Korean students inundate the graduate schools of leading American universities. They are keen on learning from the best. While many countries are content merely with sending their students

out, one of the Korean *chaebols* hired the entire Johnson Business School at Cornell to train its executives!

This heavy emphasis on education is remarkable considering that the nation was also spending heavily on defense. The Korean obsession with education mimics the Japanese, complete with their own version of "cram schools." The whole country was consumed with education and learning. It is said that during the annual final examination season, the flight path at Seoul's old Kimpo airport had to be diverted lest the noise would disturb the students! So intent were the Koreans with their cramming that the government had to ban extra-hour tuition so as to give everyone a fair shake. It turns out that the rich were spending inordinate sums on private tuition for their children, putting those from poor families at a distinct disadvantage. Such obsession with rote learning and passing tests has its breaking point. Today many Koreans are sending their young children abroad for high school simply to escape the meat grinder that is the Korean system. Families had to sacrifice much to do this. Many a Korean father is leading a lonely life back home while their wives are abroad accompanying the children—all to spare their children the torture of attending a Korean school!

A more recent and dramatic phenomenon has pregnant Koreans flying to America to give birth so their babies will have automatic American citizenship. This of course will come in handy when these babies are ready for high school and college. Talk about long term planning! While the world may sing praises for the Korean educational system, the Koreans themselves are not impressed with it.

Many Koreans, especially those with highly desirable qualifications in the sciences and engineering from elite Western universities, stay abroad to work. After they have scaled the corporate ladder they would be enticed back home to start their own ventures, with generous funding from the state. The initial attempts at attracting expatriate Koreans were clumsy and unsuccessful. Besides, they were busy enjoying their freedom and newfound affluence. To make matters worse, to most

Koreans abroad, their memory and image of their homeland were colored by the notorious activities of their CIA in harassing their countrymen.

To their credit, the Korean leaders persisted and eventually overcame the suspicions of young Koreans abroad. Indeed when these leaders visited America they never failed to meet and entice these young Koreans to return home. To many Koreans who were incognito in America, the chance to be wined and dined by their head of state and the promise to be somebody back home was indeed giddy. Many took the offer and successfully contributed to their homeland. I remember seeing how flattered my Korean colleagues were with the attention they received from visiting Korean dignitaries. The South Korean success spawned many imitators; other Asian nations including Malaysia are now belatedly trying to attract their own nationals to come home. Unlike the Koreans however, Malaysia has yet to learn the fine art of friendly persuasion.

My first experience with this new economic clout of modern Korea was in the early 1980's. IBM had just released its wildly successful personal computer. Assembled from off-the-shelf parts, the PC was not only a hit with consumers but also carried an obscenely high profit margin for its maker. I was about to buy one when our neighbor showed us his new machine made by an obscure Korean company and at a fraction of IBM's price. I rushed to the store only to find that the entire stock had been sold with only the floor model left.

That company, Leading Edge, was started by one of those returning Koreans. For a while it humbled mighty IBM.

Like South Korea, Malaysia too sent thousands of young students abroad. Unlike the Koreans, Malaysians were doing mainly undergraduate studies, often in the arts rather than science and engineering. Further, the Koreans gravitated towards top rank universities; Malaysians chose the least competitive institutions. And unlike the Koreans, Malaysians rushed home as soon as they received their degree, to estab-

lish seniority in the bureaucracy! Malaysian students did not value American work experience.

Mark Clifford in his book, *Troubled Tiger*, attributed Korea's success to its government having its fundamentals right. Korea has a high level of literacy especially for science and mathematics; high savings and investments; discipline and hard working citizens; and a strict program that helps curb its population growth. Clifford's observations deserve scrutiny because he was among the first to raise the issue of the vulnerabilities of the Korean success story. His book was published in 1994 while the world was fast running out of superlatives to describe South Korea.

Clifford rightly zeroed in on Korea's weakness: corruption being the way of life from Rhee's time till today. Corruption is inevitable whenever the state is very powerful and heavily involved in the private sector. We can only marvel how far the Koreans would have been today if only their system is less corrupt.

On a more general note, the American economist Paul Krugman also voiced his skepticism on the sustainability of the Asian economic miracle. In a particularly prescient article in 1994, he predicted that the spectacular economic achievements of many Asian countries were essentially a one-shot affair.

THE CELTIC TIGER

Ireland is synonymous with emigration. Throughout the 19th and 20th centuries Ireland's biggest "export" was its people, desperate to escape the wretched conditions of their homeland. Only recently has this trend been reversed, with Irish émigrés returning to work in the republic's burgeoning hi-tech industries.

In absolute numbers, the Irish immigrants were not large; there were far more Chinese and Indians who emigrated. But as a percentage of their home population, the number of Irish who left was truly staggering. During the Great Famine of 1845-48, out of a population of

eight million, two million left: one in four. Imagine what would have happened had a quarter of China's population left!

Today Ireland is recognized as the largest exporter of software. Among aficionados of fine glassware, Ireland is the source of Waterford crystals. To many Malaysians, Ireland is their destination of choice for university education, especially for would-be doctors.

This remarkable transformation occurred within a period of a generation or two. It began in 1959 when Prime Minister Sean Lemass, replacing his ageing old-fashioned predecessor, began a process of economic development by welcoming foreign investments. A common enough strategy for any newly independent country, but for Ireland it was a major change. By 1973 it had joined the European Community, the precursor of the European Union (EU). With that Ireland changed from an inward-looking nation obsessed with nationalism into an equal member of the EU, confidently looking forward to the newly globalized world.

For centuries Ireland was part of England. It came into its own after the obligatory "war of independence" in 1921. To be sure, only part of the island is independent, the mainly Catholic southern counties. The northern six counties remain part of Britain and continue to be a source of much grief, both to the British as well as the residents of Northern Ireland, Protestants and Catholic alike. This partitioning is hotly debated in Ireland even to this day, with one side accusing the other of treachery and selling out. To put things in perspective, Ireland is only slightly larger than Sri Lanka. And the Sri Lankans too are thinking of partitioning their war-weary wretched little island between the Singhalese and Tamils.

Ireland may be independent, but the colonized mentality and the consequent excessive nationalism it bred persisted long afterwards. This uneasy relationship between colonizer and colonized is best captured by the movie *Titanic*, chronicling the maiden voyage of the luxury liner that was sunk by an iceberg on its way to New York. The ship

was carrying the English gentry on holidays, and hordes of Irish immigrants seeking a new life in the New World.

The memorable and recurring scenes were of the rough and uncouth Irish hero confined below deck together with the rest of his countrymen, while the cultured heroine and her fellow English aristocrats were safely ensconced on the luxurious upper decks, separated physically and presumably upwind from the messy crowd below. That such a negative portrayal of the Irish did not evoke much protest reveals how far the Irish have come. I am sure had the movie been shown a generation earlier there would have been howling protests of unfair stereotyping.

As a reflection of the time, the movie does indeed capture the mood and ambience accurately. At the time of the *Titanic*, signs like "No Irish Need Apply" were prominently displayed in New York, London and elsewhere, perhaps even at the construction site of the *Titanic* itself. Today, America has seen two presidents who claimed Irish ancestry (Kennedy and Reagan), and Mary Robinson, the former Irish President, is a top Human Rights honcho with the United Nations.

When Ireland became independent it went through a period of stagnation and civil strife, a fate shared by many newly independent countries. Having been released from under the less-than-benign English rule, the Irish did not have much desire to be associated with any foreigner. They became inward looking and self preoccupied. The ever-dominant Catholic Church became even more entrenched in the lives of the Irish. It is said that Ireland suffered from two forms of colonialism: one from London, and the other, Rome. When they got rid of the first, the second became even more powerful, as if to fill the vacuum left by London.

A 1937 constitutional referendum reaffirmed the supremacy of the Church. Among its provisions was making blasphemy a crime. (Three quarters of a century later in Malaysia, PAS is considering a similar archaic legislation!) The Catholic Church in Ireland may have become stronger and richer because of its "special" position, but the Irish con-

tinued with their worldly misery. The other effect of the ascendancy of the Church was that the few remaining Protestants felt increasingly out of place. They too emigrated, taking with them their skills, capital, and enterprising spirit, the very key elements Ireland needed badly. Today non-Catholic Irish remain an insignificant minority, whereas at one time they were as many as a fifth of the population.

Ireland's modernization began under Lemass. It became outward looking, welcomed foreign investments, and adopted free trade and less protectionism. It was ready to throw its lot with the emerging European Common Market. The immediate effect of that membership was the bonanza Ireland received in equalization payments and enhanced price support for its farm products. Instead of depending on the lousy prices the British were paying, Ireland was now getting higher European prices plus subsidies for its agriculture. Trade with Europe and elsewhere expanded. Whereas in 1960 Britain took nearly 70% of Ireland's exports with barely 7% going to Western Europe, by 1987 exports to Britain dropped to 34% and the European Union increased to 39%. Ireland was finally breaking its ties with, or more correctly its dependency on, Britain. Ireland may have been independent since 1921, but for the next half a century it remained essentially a client state of Britain, at least economically.

Being bound to the world has its ups and downs. Ireland is now no longer sheltered from global events. Economic woes in Europe and America directly impact her exports and economy. On the whole this outward turn brings immense prosperity. Although Ireland's per capita income still lags behind those of many EU states, its living standards are up there. More significantly, its people are no longer emigrating, at least not in droves.

The Irish are serious in attracting foreign investments. In addition to excellent infrastructures, Ireland offers low corporate tax rate of only 10% as well as capital grants of up to 60%. It also has a highly educated English-speaking work force, a plus for American companies.

Liberalization went beyond the economic sphere. It was Lemass's political genius to use old-style nationalism, an inherent part of the Irish character, to forge progressive changes. A considerable part of that change involved a marked curtailment in the role of the Church both in the affairs of the state and in the lives of individuals. Thus birth control and sale of oral contraceptives were legalized in 1979, despite severe opposition from the Church.

With the widespread use of birth control and the increasing participation of women in the workforce, Ireland's former dizzyingly high birthrate declined substantially. The large unruly brood of yore is now replaced by one considerably smaller, but much better clothed, housed, and educated.

Closely related to the issue of contraception is the question of women's rights. The old Irish constitution required women to give up their civil service posts upon getting married, consistent with the prevailing societal view (and also that of the Church) that a woman's place is in the home. But by the end of the 20th century, Ireland had elected its first woman president, Mary Robinson.

What a remarkable change! Robinson was born and raised a strict Catholic and when she married a Protestant, her parents refused to attend her wedding. Lest one thinks that this was in the Dark Ages and that her parents were some narrow-minded peasants, Robinson's marriage was in the 1960's and both her parents were doctors. If this was a reflection of their prejudices, I wonder if those two doctors treated their non-Catholic patients differently?

Divorce is another strict "no." On this issue the Church is again far behind its followers. When divorce is strictly forbidden, many marriages remain in name only. Interestingly, divorce had been legal in Ireland during British rule; it was made illegal only in 1925, with the resurgence of Irish nationalism. But by 1986 a referendum on the issue saw the conservatives barely etching a victory. These changes and openness did not mean that the Irish were becoming less religious; indeed attendance at church masses remained high.

By far the most dramatic change, and one that had the greatest impact on Ireland's economic fate, was its education policy. Ireland today enjoys one of the highest literacy rates, its workforce among the most highly educated and productive. Secondary education was made free in the 1960s, and over 80% of Irish students completed high school. Equally important, the role of the Church was significantly reduced, with education now essentially secular.

Like the Koreans, the one thing the Irish have going for them is their eagerness for learning. To the peasants and farmers of the old days, education was the only way out for their children. Even today a good education is still the ticket to a job in America and Britain.

In the past the Church, both Catholic and Protestant, was deeply involved in education. The Protestant institutions were, as expected, modeled along British lines and more secular. The Catholic Church on the other hand treated its schools and other institutions as a way of controlling the flock. Their schools were less educational institutions but more indoctrination centers, heavy with catechism and rituals. Many of the teachers were nuns and priests. With the education reform of the 1960s, the curriculum was radically updated and the school-leaving age was also raised to 15.

The secularization of education in the 1970s also saw the development of vocational and community schools focusing on non-academic and technical subjects. The scaling down of the role of the Church in education continues to this day.

Despite or perhaps because of the heavy Catholic Church influence on education, Protestant schools and colleges attracted many Catholic students. Their parents obviously valued the quality of the education. Trinity College of Dublin, modeled after Oxbridge, is perhaps the most prestigious. Its perceived (and real) Protestant ambience is such that until 1970 Catholic bishops forbade students in their dioceses from attending the college; a transgression deemed a mortal sin. Despite that, in the 1920s a fifth of Trinity students were Catholic. They are now no doubt doing time in purgatory! The prohibition was

lifted only in 1970 and by the 1990's the majority of Trinity's students and many of the professors are Catholic.

A brash new entry into the scene is the secular University of Limerick, modeled after an American institution, complete with electives and a year spent off campus. Like many competitive American universities, Limerick encourages interdisciplinary research and studies abroad. With a curriculum heavy on technology and biotech, the university attracts many potential students and employers who value its graduates.

The education system continues with the use of English. Had it succumbed to nationalistic impulses and reverted to Gaelic on achieving independence, Ireland would have been severely handicapped. Today young Irish with their English proficiency enjoy a definite advantage in the global marketplace.

With Ireland now prosperous and successful, there is a resurgence of interest and pride in the Irish for their ancient language. Gaelic is now mandatory in schools.

Too many independent countries are obsessed with developing their own language at the expense of handicapping their own citizens. A language is more likely to thrive if the nation or race behind that language is successful and thriving. Had the Irish remained poverty stricken, I am certain that they would not be very proud of their language and culture. The decline of Gaelic coincided with the economic eclipse of the Irish. Until Ireland's recent economic revival, less than 1% of the Irish used Gaelic. With Ireland poised to join the ranks of developed nations, even Mary Robinson sprinkled her speeches with touches of Gaelic. The language is now chic. For Malays, a point to ponder!

The tight grip the Church had on the Irish extended to the arts. With the active backing of the Catholic establishment, the government in 1926 set up a Committee of Enquiry on Evil Literature, leading to the formation of a Censorship Board. You can bet that none of the committee members had contributed an iota of creativity. The Board still exists today but it has a much lower profile. More importantly, the

state has duly recognized the value of artists and writers by setting up an academy (Aosdana—The Wise People) where they receive modest state stipends to pursue their crafts. And earnings from creative works are free from income tax for anyone living in Ireland, native or foreigner.

None of these remarkable changes occurred in isolation. They all go in tandem, one reinforcing the other. The secularization of the education system would not have occurred without there being a corresponding decline in the influence of the Church. This also enabled the introduction of significant social and political reforms such as legalizing birth control and the subsequent decline in fertility rates. In turn these would not have happened had Irish leaders not looked outward and freed themselves from the trap of their colonial experience and excessive nationalism, together with the tight leash the Catholic Church had on them. It is significant that the Irish fought a vicious civil war over the issue of partition soon after their independence. Even up until recently, reunification with the north obsessed many Irish. Today such previously divisive nationalist issues rapidly fade into the background as the Irish concentrate on developing what they have instead of thinking of expanding their domain.

Any change of the social order can be very disruptive and destabilizing. As we have seen in South Korea, it has its own price tag. The term "moral vacuum" has been used to describe contemporary Ireland because of the gap created by the decline of the Church's authority and there being no comparable element taking its place. The old certitude is gone and with it, for some at least, the sense of security and anchoring stability. It is indeed a challenge to come up with an alternative value system. However such challenges are more likely to be solved when the nation is thriving than when it is economically stagnant or declining.

DON'T CRY FOR ARGENTINA

Argentina, like the rest of Latin America, conjures a certain indelible image. The phrase Banana Republic is both evocative and descriptive: a country dependent on a single commodity. It is banana for Honduras, sugar for Cuba, tin for Bolivia, and meat for Argentina. It also refers to military dictators in their crisp uniforms seizing power every now and then. Indeed such khaki attires are now chic, a trademark of the Banana Republic brand. Alas, these caricatures are all close to the truth.

There have been many ready explanations for Latin America's social and political instabilities. These range from cultural, racial, religious, and even geographical. The famous Latin temper seems a reasonable enough explanation. Then there is the entrenched role of the Catholic Church. The cultural explanation, once favored, is now being resurrected. After all it was the "laid back" Southern Europeans rather than the presumably more "cultured" Anglo Saxons who colonized Latin America.

In the late 1950s and early 1960s there was the prevailing view, promulgated primarily by American social scientists, that if only Latin America could be modernized, the ensuing economic growth would generate social changes that would in turn make the region more politically stable. This modernization would, so the theory went, create a large and stabilizing middle class, as in America. Unfortunately elegant theory alone does not guarantee success. There was indeed economic growth but instead of creating a large middle class, it aggravated the inequities. The gap separating urban dwellers from rural peasants widened, so too between owners and workers. The small middle class, instead of being a stabilizing factor, merely joined in with the aristocrats. Stability still eluded the nation.

In many regards Argentina experienced what Malaysia went through in the decade following independence. Malaysia's socioeconomic gaps were aggravated by their superimposition along racial lines. No such gross ethnic lines were present in Argentina but the end results were

the same: increasing polarization of society. Traditional elected governments were unable to respond to such challenges; that in turn bred military regimes to handle the inevitable crisis. Malaysia went through its harrowing May 13 1969 "incident" and with it the suspension of parliamentary democracy. Argentina is experiencing its own recurring May 13 nightmares, albeit without the added viciousness of racial and ethnic factors.

Latin American scholars had their own pat explanation for the adverse consequences of modernization. Specifically they blamed their country's dependency on developed countries. This *dependencia* theory goes something like this. Argentina would get investments from Europe to develop its beef industry. As long as the Europeans were paying a good price on the product, the Argentinians would live high off the hog, well, actually cows. As the pampas owners and meat processors grew rich, they began importing luxury goods and remitting their profits back to the parent company in Europe. Little of that wealth circulated locally, except for the lowly wages paid to the workers. With a large pool of cheap labor there was little incentive to pay high wages and little of that wealth trickled down, to use a pop economic term. When Europe suffered a recession and cut its beef imports, Argentina reeled. The workers, not having shared the riches in good times, were unwilling to bear the pain.

Proponents of the *dependencia* theory viewed the world as made of an "industrial center" (Western Europe and America) and the commodity producing "periphery" (Argentina). To them, trade is a "win-lose" proposition, with the periphery at the mercy of and being exploited by the industrial center. Thus *dependencia* proponents advocated massive state intervention to break this dependency on the industrial center. Hence high import barriers, closed economy, and general denigration and distrust of markets. All these arguments were artfully cloaked in nationalistic terms and camouflaged as "national security." To the *dependencia* advocates, foreign trade was just another form of colonialism by the West.

The massive state presence in the economy merely encouraged corruption and the formation of various pressure groups out to get their share of the bounty from the public trough. The preoccupation of both the government and the governed were less with creating wealth but more on redistributing it to various favored groups. This only encouraged deepening polarization and increasingly divisive fights for ever-diminishing wealth. Traditional democratic governments could not easily deal with such diversely competing interests; they were preoccupied with satisfying their own constituencies while ignoring the broader national goals. Thus the ensuing cries of the populace for someone, anyone, to "take charge."

Enter the military. In reality the generals who replaced the elected leaders were equally inept in economic matters and just as corrupt. They essentially treated the nation like an army, meddling in every aspect of the economy. Thus not only did the generals leave their barracks to command the government ministries, they also meddled in the marketplace. They nationalized key industries, created new ones to compete with the private sector, and abandoned any semblance of fiscal discipline. Argentina followed this pattern of massive state intervention until late 1980's, when the non-military President Carlos Menem was elected and began instituting fundamental economic reforms toward free market.

Unlike the government involvement we saw in South Korea that produced such phenomenal success, the experience of Latin America was akin to the Soviet model, with creaking state industries, inept public and private management, and highly protected and inefficient domestic markets.

Why government intervention in East Asia produced spectacular successes while in Latin America abysmal failures remains the biggest unanswered question in developmental economics. The obvious difference is that the South Korean Generals used their power to push their nation *towards* free and global markets, while the Argentineans went

the opposite way, to *withdraw*. Briefly put, the Koreans were outward looking; the Argentineans, inward looking.

Nature has been kind to Argentina. It has plentiful fertile land, vast resources, and moderate climate. With an area exceeding a million square miles and a population of just 34 million, the country is indeed blessed. It is appropriately called Argentina, silver in Spanish. Although it lacks that rich mineral, the country's other wealth more than compensated for that deficit. Argentina should have been a charter member of the G8, the organization of leading economic powers. Instead it stumbles from one economic mess to another. The IMF might as well own the airline that plies between Buenos Aires and Washington, DC, for the number of times its officials have to make that trip.

Argentina reminds me of some of my clever classmates. They knew they were smart; good grades came easily without much effort. Besides, the teachers were constantly reminding them of that fact. But when final examinations came, they stumbled for lack of diligence. Some were given a second chance, and suitably chastened, buckled up and succeeded. Others were not so lucky, or if they were given another chance, merely treated that opportunity as a reaffirmation of their innate superior ability and put no more effort than before, and ended up with the same grief. I am sure that back in their kampong, these former classmates of mine are regaling their grandchildren about how back in the old school days they had managed well and bested others without studying. And if they had learned their lesson, they would add a cautionary advice, that is, natural endowment alone, no matter how superior or generous, is not enough.

Argentineans today must be wondering where they had gone wrong. How could they mess up such a wonderful country? With such promising attributes and rich resources, it would take a real effort to screw things up. The Argentineans did not accidentally stumble their way down; they must have deliberately taken that path of self-destruction. I deliberately choose this Latin American country as a negative example, of how *not* to proceed; or how to mess things up royally.

In the early 20th century Argentina enjoyed a standard of living much higher than that of Western Europe. Capital and labor poured in to tap the country's wealth. United States too had a massive influx of European immigrants at that time. Unlike America however, Argentina did not have a dominant culture into which the immigrants wished to assimilate. Thus the Italians in Argentina pretty well maintained their own culture and value system, as did the Spaniards and other Europeans. In contrast, America had the dominant Anglo-Saxon culture and ethos; all new immigrants were eager to join this cultural mainstream. They readily adopted Anglican ways, including changing their names to make them sound more English. They forced themselves and their children to learn English and to forget the old ways. Today, America is a much more integrated society. Not so with Argentina.

Argentina was spared the devastations of the two world wars. Thanks to its abundant food supply, it was also spared much of the horrors of the Great Depression. One would expect that with such a head start, it would have overtaken the world by now. Alas such is not the case.

Argentina may have been spared the devastation of wars but her series of military dictatorships created just as much destruction, if not more. At least in a war there would be an end point when one side is exhausted or defeated, and the process of healing and rebuilding could begin.

The military's intervention in the affairs of state began in 1930 with the overthrow of the civilian government. The military up to that time had prided itself on its professionalism and autonomy, or more accurately, lack of political ambitions. Promotions and recruitment were done entirely by the officers themselves, with no favoritism or manipulation from politicians. Merit became the operative criterion and as a result, the military attracted the best and brightest.

These professional and highly disciplined officers looked disdainfully at the incompetence of the politicians and decided to act. One

can certainly sympathize with that sentiment! The politicians were indeed helpless to solve the deepening polarization, especially between workers and members of the oligarchy.

Although that early military rule lasted only for two years and the subsequent election held on time, that was only a procedural change. The generals merely changed into civilian suits, stuffed the ballot boxes, and were duly elected. This trick of course has been copied umpteen times by military officers all over the Third World. But Argentina must surely hold the record. Between 1930 and 1983, the country had been through 26 successful military coups, and hundreds of unsuccessful ones!

The generals may have thought they had the solutions but in reality they merely succeeded in substituting themselves for the landowners and capitalists as the enemy of the working class. But one of these officers, one Colonel Juan Peron, did develop a populist streak. Peron used his position as Secretary of Labor, a minor position in the political hierarchy, to cultivate a following among the workers. Having suitably anointed himself as a hero of the working class with the help of an actress later to become his wife, Eva, he easily won the 1946 election.

Peron, enamored with the labor movement and ways of the left, proceeded to pursue socialistic policies. Apart from the obligatory Five Year Plans, he nationalized major sectors of the economy. Initially he did succeed in shifting wealth to the workers. His plans appeared to work, with workers now getting a fair shake in the economy. The GDP expanded at a steady clip and emboldened, the state became even more involved in the economy. Costly and inefficient industries were thus created, not so much to produce goods and services, rather to alleviate unemployment. In the end they became nothing more than subsidized public works programs. Agriculture, the backbone of the nation, was heavily taxed and ignored to subsidize urban industries. Farm products were priced ridiculously low to appease urban consumers. The end results were, despite vast fertile grasslands, a substantial decline in agricultural and meat production. To aggravate matters, Argentineans con-

tinued to live beyond their means, encouraged and subsidized by the state. The government too, was equally profligate.

Buoyed by his populist success, Peron even took on the Catholic Church. In the end his populist appeasement came back to haunt him. You cannot please all the people all the time; eventually someone has to pay the bill. When that time came, Peron could not find ready volunteers. Peron's rule ended, not surprisingly, with a military coup in 1955. Alas, the subsequent military leaders proved equally inept.

In 1982 the military took the country to a disastrous war with Britain over the Falklands. Humiliated, the generals ceded power, and 1983 saw the election of Raul Alfonsin. But uncontrolled inflation and declining production continued. Argentineans and their governments still lived beyond their means and borrowed heavily. There was no social consensus over budget cuts and other austerity measures. Hyperinflation set in with rates in the range of 400% per *month*. By the time he was succeeded in 1989 by the colorful and flamboyant Carlos Menem, Argentina's foreign debt was a staggering US \$69 billion. (By 2002, it doubled to over US\$140B.)

Menem immediately normalized relations with Britain and put the war behind. He committed himself and the nation to free enterprise by opening its markets and privatizing state industries. Tariffs, which hitherto covered over 90% of imports, were drastically dismantled. The seminal restructuring event was the sale of its massive state telephone company and Menem used the hard currency thus earned to pare down the debt. Most significantly, Menem made a radical move by fixing the pesos to the dollar, the convertibility plan. In so doing he not only tamed Argentina's hyperinflation but also facilitated trade with America, the world's largest and most lucrative market. Argentina, which until then had experienced capital flight, began to get foreign investments again, including money its citizens had stashed abroad.

To give the proper credit, many of the economic initiatives of Menem were in reality the brainchild of his Economic Minister, the

Harvard PhD Domingo Cavillo. He rightly targeted that the root of the Argentines' hyperinflation was not monetary (too much money chasing too few goods), rather the fiscal indiscipline of its political leaders. Cavillo knew that hyperinflation, in contrast to the garden-variety inflation, was more than a mere economic phenomenon; it represented the people's utter and total lack of confidence in the government. Curing it meant going beyond taking simple economic measures. Thus he dramatically curtailed the grandiose illusions and pretensions of the country's leaders instead of concentrating on clamping on the money supply (the traditional remedy). Unbelievably, it worked! For Cavillo to rein in those wily Latin politicians must take some doing!

Menem's first term was indeed a remarkable turnaround for Argentina. Constrained by law to succeed himself, he, like South Korea's Park, pushed through constitutional amendments to enable him to run for a second term, which he won handily. In his second term he reverted to the stereotype Latin leader. It was marred by administrative sclerosis, increasing corruption, and high-profile financial scandals.

Precluded by law from running for the third time, he was succeeded in 1999 by a man who was his exact opposite, Fernando de la Rúa. Among Rúa's first moves was to sell the luxurious presidential jet, a Boeing 757, which had cost a fortune to maintain and operate. That luxurious jet epitomized the profligate ways of the government and its leaders. Cavillo was successful, but not completely!

Under the standard "one rule fits all" IMF tutelage, Rúa increased taxes and cut social spending, which prompted a series of citizens' protests and labor unrests. At the time of my writing, Argentina is again threatening to default on its massive foreign debt, a move that would send ugly repercussions worldwide. It is to be noted that a significant portion of that debt was not for investments but routine operating expenses, including the servicing of earlier loans.

Under Menem's first term Argentina was the poster child of free market advocates. His reforms won plaudits, in particular from Wash-

ington, DC. But by the end of his second term, with the strengthening of the US dollar, Argentina's competitiveness *vis a vis* its neighbors declined considerably, hurting its exports. Convertibility, which was an economic lifesaver a decade earlier, is now a significant drag, with Brazil and other neighboring countries gaining significant competitive advantage with their devalued currencies. While only a few years earlier Argentina was talking bravely about dollarizing its economy, by 2001 Argentina was hedging its bets. But by January 2002 the dollar link was severed and the peso devalued. That was more than just a monetary decision; it shattered what little credibility the government had with its people and the financial markets.

With the economic crisis came widespread social discontent and political upheaval. In early 2002, within the space of a few weeks Argentina changed presidents no less than five times. The public's faith in the government waned with widespread graft and breach of faith. Transparency International's Corruption Perception Index for example ranked the country at 52nd (highly corrupt). At the dawn of the 21st century, Argentina is a far different country than it was a century earlier.

THE RELEVANCE TO MALAYSIA

At first glance Malaysians cannot readily identify with any of these countries. Although they differ in a number of significant ways, nonetheless each has important lessons to offer Malaysia.

The most obvious difference is that none of them have multiracial societies and the accompanying interracial problems. South Korea is ethnically and culturally homogeneous. There may be some tension between the Buddhist majority and the Christian minority, but that does not lead to serious social or religious conflict. Polarizations and schisms in Korean society are more along regional and class lines. Argentina is also deeply divided along class lines; between landowners and workers, and urban and rural dwellers. Ethnic differences are not

significant. Ireland has profound differences between its Protestant and Catholic residents, but since independence the Protestants had been effectively pushed out—to emigrate. Today they are an insignificant minority. To the north however, the Catholic and Orangemen are very much still at each other's throat. Although many of the leading Irish institutions (Trinity College for one) and venerable industries (Guinness, *Irish Times*) were of Protestant origin, they are now fully Irish (that is, Catholic) in ambience and character. A couple of generations ago the Irish had a comparable "Malaysian" problem, with the Protestant minority controlling the economy while the Catholic majority was marginalized.

Ireland in particular offers three major lessons for Malaysia: one, reducing the influence of institutionalized religion; two, population control; and three, the issue of education and language.

The Catholic Church had more influence in Ireland than in any other country, including Italy where the Vatican is. The Irish Church controlled the social services, education system, and everything else, including perhaps the thought processes of its followers. In the past, the clergy was to the Irish what the Ayatollah is to Iranians today. Educational institutions in Ireland were for a long time not so much learning as indoctrination centers. Irish social services were meant less to alleviate the social pain and sufferings, more to entrap the faithful to the church.

Substitute Catholicism for Islam and Irish for Malays, and we have the situation in Malaysia today. Just as the Irish were gripped and strangled by the Church, so too are today's Malays by governmental Islam. This brand of Islam has intruded into every facet of Malay life; from our schools and into our minds. Malaysian Muslims risk being branded "deviationist" and suffer the worldly consequences should they by chance stray from the official line or dare express independent thought. Many Muslim scholars have been jailed without due process for braving to give new meaning to our faith. If some Muslims leaders in Malaysia have their way, apostasy would be a capital offence.

There is a proliferation of Islamic institutions in Malaysia. Even universities supposedly designed for science and technology have large Islamic Studies departments. Yet despite the quantity, alas their scholarly works remain unimpressive. No new thinking or fresh insight emanates from these hallowed halls. These Islamic establishments are less scholarly and religious bodies but more government propaganda machinery. They serve to stamp an Islamic cachet to every official pronouncement and policy. No less significant, they are also massive public works programs for the glut of unemployable Islamic Studies graduates.

Islamic leaders give endless *fatwas* (edicts), often on topics for which they are completely clueless. Their training is narrow and rigid. Granted no one can be knowledgeable on every topic and issue but these Islamic officials are not shy of making pronouncements outside their scope of competence. They seem to have all the answers; they do not feel compelled to seek advice from worldly experts. When you presume to have a direct line to the Almighty Allah, you certainly do not need advice and counsel from mere mortals.

In Malaysia, religious teachers and *ulama* are treated with undue reverence. Critical thinking is not encouraged or allowed. Everything is deemed settled; all the students have to do is absorb whatever is spouted from their teachers' mouth, and retain it long enough to be regurgitated at examination time. No wonder when these students grow up and face the problems of the world, they are befuddled.

As in Ireland of yore, the system of education in Malaysia today is heavily influenced by religion, in this case Islam. This is a recent development. Before that religion had minimal or no role in the educational system; it was essentially secular. But with the greater emphasis on Islam, partly as a planned strategy by the UMNO-led government to steal the Islamic thunder from the opposition Islamic party, the government has been emphasizing religion in schools.

It is not religion that is so destructive in the education of young Malays, rather the manner in which the subject is being taught. Reli-

gious teachers treat their students as subjects to be indoctrinated. Students are nothing but bins to be filled in with dogmas. They are taught to treat their teachers like the Pope—infallible—and never to question what is being uttered no matter how ridiculous. Religion is reduced to a series of do's and don'ts. Rote learning rather than critical thinking is valued. The sad and destructive part is that this teaching philosophy gets transferred to other subjects. Before long we will get a generation of robotic Malays.

A few years ago I donated some books to a high school in my old village. The school honored me by inviting me to be a guest teacher for the senior class, and I readily accepted. What an experience! I was taken aback at how passive and quiet the class was. There was no spunk or energy. In an attempt to stimulate discussion I uttered some silly and outrageous remarks just to get a reaction. Alas, none was forthcoming. These students had such reverence for their teachers that they did not dare question me. More startling, when one brave soul attempted to challenge my statement, the others quickly put her down, saying in effect that questioning what I said was tantamount to being disrespectful, and thus sinful. It is this psychological effect imparted by the religious teachers that is so devastating.

These students did not begin that way. Something must have happened to them in their later years. I was with a lower class at another session and the atmosphere was much different. The pupils were lively, full of sparks and eager. I was relating to them the folk story, *Batu Belah Batu Melanggup* (The Mysterious Cave), about a mother who had just returned home after a hard day searching for food. All she had to show for her effort was a handful of mushrooms, which she cooked for her family. When she was done she was too tired to eat with her children and went to sleep instead. On waking, she was shocked that her children had not left her any portion. Saddened and disappointed, she stormed out of her home to the mysterious cave, with her crying children trailing behind her, apologizing profusely. Undeterred she

continued on and was swallowed by the cave, leaving her children behind.

The moral of the story as related to me in my childhood is that children must always think of their mothers first, as encapsulated by the *hadith* that the path to heaven is at the mother's feet. The pupils' reaction to the story was as I anticipated; they blamed the selfish children.

A few years earlier I had related the same story to my son's middle school class in California, and the children reacted with horror at the mother's action, variously labeling her as cruel and uncaring for abandoning her children—a very different reaction from that of the Malaysian pupils.

When I mentioned the response of my son's class to the Malaysian pupils, they were appalled. After much prompting on my part, some of the pupils did finally agree that the American viewpoint was not unreasonable. And from there the discussions took off. Surprisingly most of the girls were supportive of the American viewpoint (perhaps a reflection of a nascent maternal instinct) but the boys stuck with the traditional interpretation. At the end of the class their teacher was also surprised that I had managed to create a lively discussion with that simple story.

The point is, even the classics could be interpreted in many ways. Unfortunately today in the typical Malaysian classroom, even at the highest levels, teaching is a one-way street—from teacher to student. No discussions, no feedback; everything is black and white. Besides, the right answers are given at the back of the book, or in some sample essays written by somebody.

Respect for teachers is good, but not blind obedience. In many ways religious teachers in Malaysia remind me of athletic coaches in American schools. American students greatly respect their coaches because these coaches control who gets to play. Malaysian religious teachers control their students by exploiting the students' psychological vulnerabilities.

While the Irish are purposefully reducing the role of the Church in the state and in their personal lives, Malaysian Muslims are seeking an even greater role for religion. The current frenzy of Islamization in Malaysia eerily reminds me of the early Irish experience. If this is not stopped and reversed now, it will be too late and Malaysia will suffer the same fate as the Irish once did. I will return to this issue more fully later in the chapter on Islam (9).

The other lesson worthy of emulation is the Irish attitude towards the English language. Malaysians share with the Irish a common legacy of being colonized by the English and as such, we harbor many negative sentiments regarding things English, including and especially the language. Malaysia has an advantage in that unlike Gaelic, Malay is still a living language and widely used. We should nurture that. At the same time we should be pragmatic and accept English for what it is—an international language. Had the Irish stuck with Gaelic, their citizens would be at a definite disadvantage. By opting for English in their schools and colleges (and also in everyday use), the Irish are poised to benefit from globalization. Indeed many multinational companies are flocking to Ireland precisely because of the ready availability of well-trained, English-speaking workers. By adopting English, Ireland is able to leapfrog in development. The Irish may be anti-English in other spheres, but not in language. Malaysia, even though it has been independent for nearly half a century, still harbors lingering suspicions that everything English or (Western) is bad.

The Irish had gone overboard in ignoring their native tongue and is now desperate to resurrect that near-dead language. Gaelic is now mandatory in schools and a pass in the subject is required for senior public appointments. Politicians now generously sprinkle their speeches with Gaelic.

Besides being the official language of Malaysia, Malay is also the language of hundreds of millions more in Southeast Asia. Assured that Malay would not meet the fate of Gaelic, Malaysia should encourage its students and citizens to study and use English.

Even the Koreans, Chinese, and Japanese are desperately learning English, and their languages are even more advanced and older than Malay. English is an international language not by fiat but as a matter of fact. We need an international language, just like we need a uniform global standard for everything else, to facilitate exchanges and communication. In the past elite linguists tried to concoct "Esperanto," but that artificial language failed miserably. By default, English is now the international language.

Adopting English does not mean that the world wants to imitate the ways of the English. Malaysians fluent in English have no desire to be a *Mat Salleh culup* (Englishman wannabe). Why English and not Chinese is the preferred international language is an interesting question. After all Chinese is spoken by more people than any other language. It would have been the more natural candidate. Trying to explain why English and not Chinese is the language of choice is like trying to explain why the personal computer is preferred over Apple; or VHS format over Beta on video recordings. The consumers have voted. Undoubtedly had the Anglo-Saxon world (Britain and America) been third-rate economic powers, English would now enjoy as much popularity and wide usage as Swahili.

In truth the future does not belong to English speakers. Indeed those who are fluent in English in addition to their own (or any other) language will be at a great advantage, enjoying a marked premium in the marketplace. Next would be those fluent only in English. The losers would be those who speak only their own mother tongue regardless of how widespread that language is used. China is making its most prestigious universities use English as the medium of instruction. As the Chinese premier rightly said, he has no particular love for that language but it is in the national interest that the best Chinese students be fluent in it.

Properly designed, Malaysia's educational system could produce citizens who would be in great demand worldwide. Most Malaysians, especially non-Malays, are already trilingual: their mother tongue,

Malay and English. What a great advantage! Malays too could be trilingual: Malay, English and Arabic. But with the preoccupation with Malay, English gets shortchanged. The official mindset seems to be that for Malay to advance, other languages must be suppressed. I argue the contrary. Studying other languages facilitates the learning of Malay.

By being fluently bilingual or trilingual I mean more than just the ability to communicate in multiple languages. It means the ability to breath, live, and dream in those languages. It gives one a different perspective in looking at the world. The difference in saying "beautiful house" in English and "*rumah cantik*" ("house beautiful") in Malay reflects not simply a mere rearrangement of words but of viewing the universe differently.

When I was in school I never appreciated Malay literature. It was only later in college, after being exposed to the richness of English literature, that I began to understand my own native literature. My knowledge of good English literature enhances the understanding of my own. Had I been cocooned in the world of Malay language alone, I would have missed all those splendid opportunities.

Eminent writers in Malay today (I include Indonesian writers) are those who have been exposed to great literatures of other languages. Before Pramoedya Ananta Toer produced those epic novels, he was already translating the English classics into Indonesian. Similarly, Malaysia's Kassim Ahmad and Shahnun Ahmad (no relation) had significant education in English. They were exposed to the refined ideals of the Western world that enhanced their literary perspective and skills.

One of the reasons I (and many others) found concerts of the late Sudirman so enjoyable was because his choreography and stage presentations were unique. He was not simply aping the style of popular Western artists (as so many third-rate performers do); he broke new grounds, with the artistic and skillful blending of East and West. I have always wondered how much better Malaysian movies and television

shows would be had our producers and directors been trained at such eminent institutions as UCLA cinematography school.

Moving on to South Korea, it is an example of what sheer determination, discipline, and an obsession with learning and education could do for a nation. When General Park took over, he whipped the nation into strict discipline and regimentation, with a single-minded purpose of economic growth and competitiveness. Being an ethnically and culturally homogenous society, Park was able to ramrod through many changes without giving rise to sectarian dissatisfaction. In Malaysia, with its racial diversity, any political or social initiative inevitably would be analyzed into which race would benefit more and which group would lose. This invariably leads to the politics of envy and resentment. No such problems arose in South Korea.

But as Korean society changed, Park remained the same. Pursuing the army analogy, even though his initial recruits were now disciplined and accomplished officers, Park still treated them as if they were still a bunch of raw recruits. The Koreans expected greater political and personal freedom commensurate with their economic gains, but the military-backed Park and his successors still persisted with their authoritarian mindset.

The initial cohesiveness soon began to unravel when ordinary Koreans began looking on the tycoons much like they viewed their ancient warlords. Indeed these new captains of industry treated their workers much like the ancient warlords treated the peasants, with contempt and as cogs in their companies' wheels. Thus despite its racial homogeneity, the Koreans soon developed fissures along class and social lines.

South Korea recovered from the Asian contagion rather quickly. The election of a reformist and populist-minded non-military leader, Kim Dae Jung, helped immensely. The fast recovery was also attributed to Koreans being extremely well educated and technologically savvy. Their stock of human capital was unaffected by the economic crisis.

South Korea also serves as a ready example that ethnic and cultural homogeneity does not guarantee a society from being polarized and divided. When poor, hard working workers see affluent Koreans luxuriating, these underpaid peons do not feel any reflected glory. As a consequence South Korea had tremendous difficulty implementing the measures recommended by the IMF in response to the 1997 economic crisis. Much-needed reforms were greeted with bloody street riots and ugly demonstrations. By contrast in Malaysia, despite the racial and cultural diversity of its population, similar reforms were greeted with remarkably less divisions and acrimony.

Like Malaysia, South Korea benefited immensely through its commitment to foreign trade and free enterprise. Both nations have heavy state involvement in the private sector and with it, the inevitable evils of cronyism and corruption. Thus far in Malaysia there has been no major scandals exposed comparable to the Korean variety but this is because they have yet to be uncovered. Malaysia does not lack for financial shenanigans; they just do not evoke the same public outrage as in Korea. I can name a few: the London tin scandal, the Bank Bumiputra fiasco, and Bank Negara's foreign exchange debacle. List such scandals and Malaysians just yawn. "What else is new?" seems to be the jaded response.

Argentina, like Malaysia, guards its rich natural resources and considers foreign investments in those sectors as exploitation. This love-hate relationship with foreigners is typical of most Third World nations. They consider multinational companies as exploiters or worse, new colonizers—echoes of the *dependencia* mentality. Unfortunately these sentiments arise just as competition for foreign investments are heating up. There are now hosts of new nations from the break up of the former Soviet empire all eager for foreign investments. Malaysia now has to compete with the likes of Turkestan and Belarus. China is also now discovering the wonders of free market and is enticing eager foreign investors. China is a formidable competitor for two reasons. One, the Chinese are willing to work for even less money than Malay-

sians. China is also using forced prison labor. Try competing with that! Two, China's domestic market dwarfs everyone else, a major attraction to any investor.

Of the three countries, only Ireland has a tradition of democratic rule. South Korea and Argentina have seen their series of military rulers; only recently have they adopted truly free elections. Unlike Argentina and South Korea, Malaysia is fortunate in having a professional military that shows little inclination to meddle in the affairs of state.

The most obvious common element between Ireland and Korea is their serious commitment to education, which overrides everything else. The only enduring value a nation has is the quality of its people. And with greater mobility of labor and ease of migration with globalization, that advantage too could easily disappear. Note the number of talented Indians and Chinese residing outside of their native land. Both countries would rapidly leap into First World status if they could only attract their own talented nationals back home.

The examples of these three contemporary societies, together with the three from the past explored in the preceding chapter, provide useful lessons for Malaysia as it faces the challenges of globalization. The rest of the book (Part Two—Chapter Six and beyond) will examine some of the strategies that Malaysia could usefully adopt to fully benefit from globalization. But before that, I will discuss what globalization is all about. This will be the focus of the next chapter.



One of the reasons for these diverse coalitions is that globalization is perceived variously by the different constituents both in the West and in the developing world. To American factory workers, it means the loss of their jobs to such places as China and Mexico; to their executives, an opportunity to reduce costs of production. Third World leaders view globalization as surrendering their nation's sovereignty to multinational corporations; their citizens look forward to the job opportunities afforded by these foreign companies. Such conflicting perceptions are understandable as there is no consensus what globalization actually means. That notwithstanding, there is at least a general agreement on what globalization is not.

WHAT GLOBALIZATION IS NOT

Globalization does not mean a single all-powerful world government along the line of a vastly expanded United Nations issuing edicts from New York to remote corners of the world. This is a particular paranoia of American right wing groups who are forever on the look out for black UN helicopters ready to take over their country. Similarly, globalization is not another form of regional cooperation in the fashion of a strengthened ASEAN (Association of Southeast Asian Nations). Nor is it a political and economic entity along the lines of the European Union or a common market like NAFTA (North American Free Trade Agreement).

Globalization will not mean the decline or end of the nation-state, as some exuberant advocates proclaim and some nationalistic leaders like Mahathir fear. As Peter Drucker, the management guru and respected futurist noted, it will be a greatly changed nation-state that will survive globalization. In particular, totalitarian states that have a tight stranglehold on their citizens will have difficulty maintaining their grip. With the free flow of ideas and information across borders, the state's propaganda machinery would be effectively neutralized. Globalization will definitely result in major changes in the power rela-

tions between and within nations. This can be disorientating to the status quo.

Especially disappointing to those advocates of minimalist government, globalization does not mean a decrease in international regulations and rules. On the contrary, in many cases there will be increased rules with respect to human and labor rights, pollution and environmental laws, and international crimes, as the various national agencies will get increasingly coordinated with those across their borders. Thus polluters in Indonesia for example, will face the wrath of not only their countrymen but also neighboring countries. Environmental groups like Greenpeace are now forging global alliances that transcend national and political boundaries.

Lastly, to those who fear that the universe would be turned into a dull monotonous cultural landscape filled with the Madonnas, Michael Jacksons, and other icons and artifacts of the McWorld, globalization will not mean cultural homogenization. The fear that globalization is yet another form of Western hegemony or neocolonialism is simply delusional. On the contrary, globalization provides a much-needed leveling of the playing field and gives small fringe cultural groups hitherto isolated in their remote villages or ashram an avenue to expand its influence worldwide. It is significant that through globalization, the 13th century Persian poet Jallaludin Al-Rumi is now the most widely read in America. Similarly Sufism, which once was relegated to the margins of Islam and presented to the world only at exotic cultural festivals, is now fast becoming chic in the West. The public library in my small California town now carries at least a dozen books on the subject. And they are always being signed out! The Internet enables Sufism to reach to a much wider audience globally.

As more nations adopt and benefit from globalization, the present cultural, economic, and other dominations of the West would gradually be eroded. For example, once China becomes prosperous, it too will contribute its share of talent onto the world stage to challenge the supremacy now enjoyed by Americans. Further, once China has the

market power comparable to America, manufacturers and marketers will cater to the Chinese tastes and market. And then by sheer momentum, that taste or trend will become universal. The reason America now enjoys supremacy is because it is the largest and most lucrative market. Producers and manufacturers everywhere cater to it. Thus by sheer mass dynamics, the American taste and style become universal.

EARLIER FORMS OF GLOBALIZATION

Globalization is not a new concept. There have been other globalizing trends in the past. Imperialism was one form, based essentially on the "White man's burden" to enlighten the dark world. The ensuing economic bounty to the colonizers is not to be dismissed. The world of the 19th and 20th centuries was carved according to imperial dictates. The legacy of colonialism is such that today Malays in Malaysia, having been under British rule, know more about Britain than about their kindred across the strait in Sumatra. Malays in Sumatra in turn, being under the Dutch, know more about Amsterdam than Kuala Lumpur even though imperial forces have long gone. Colonialism was able to break longstanding cultural and ethnic ties. Another ready example is Hong Kong where its residents, though ethnically and culturally Chinese, feel more at home in Britain than Mainland China. Quite apart from their choices of names, there is a gulf separating Hong Kong's Christina Chin with her affected British accent from Beijing's Jeng Zoumin. They each view the world very differently; one ignores such differences at one's own peril.

The difference between today's globalization and colonialism is that with the latter, there was no choice. Colonialism was imposed; the colonized had no say on the matter. It was premised on the supremacy of the colonialists over the natives, or more crudely, the White man over the colored. Colonialism's globalizing trends were restricted to within territories controlled by that particular power. There was freedom of

trade and movement of people only within the colonial empire but not beyond. British colonies were integrated only with Britain.

Like colonialism, today's globalization is also broad and transcends race and geography. But unlike colonization where there was no choice on the part of the colonized, in today's globalized world no nation is forced to join. It is completely voluntary. Further, unlike colonialism where the colonies had to beg or fight for their independence from their colonial masters, with globalization any nation can opt out and close its doors to the outside world, as Cuba and North Korea are now doing. Such manifest differences notwithstanding, strident critics would still like us to believe that globalization is just another form of Western neocolonialism. It must be very subtle, so subtle that I cannot discern it.

There is one other fundamental difference between colonialism and today's globalization. During colonial times in addition to the free movement of goods, there was also free movement of people. Passports and visas were alien concepts then. The "natives" could move freely within the empire and many indeed chose to do that by migrating to the imperial homeland, much to the chagrin of their masters. Today the face of Britain is made less white because of that early freedom. As I will relate later, this difference is only a matter of degree. With globalization there is also free movement of labor, especially for those with highly desirable qualifications.

Islam, like colonialism, is also global in outlook and perspective. Islam transcends tribal and national identities; it is truly universal. The Muslim *ummah* is the most diverse culturally and ethnically, but united by a collective sense of oneness. Islam accepts and celebrates this diversity. Surah 30:27 of the Koran reveals (approximate translation), "And among His signs is the creation of the Heaven and the Earth; and the variations in your languages and your colors." The concept of race or nation-state is foreign in Islam.

To Islam, humanity is divided essentially into believers and non-believers, not nationality, race, or color. Unlike Christianity that has a

clear image of European origin and dominance, Islam is remarkable for the absence of racism or association with a particular ethnic group. Although Allah in His wisdom had chosen an Arab to receive His divine revelations, it is a tribute to those early Muslims that Islam was and is not associated with Arab hegemony or colonialism. When early Muslim traders brought Islam into the Malay world in the 14th century, the natives readily accepted the faith because they and their leaders implicitly recognized the evident wisdom and truth of that message. They did not view Islam suspiciously as a subtle attempt by the traders to lock in their market and increase their businesses. Nor did the natives for a moment consider Islam a form of Arab colonization, subtle or otherwise.

Islam is indeed a very pristine form of globalization. The world of Islam is bound not by force (as with colonialism) or ideology (as with communism), rather by shared idealism: the concept of total submission to an Almighty Allah. Muslims everywhere feel this wonderful sense of global oneness. I can go to any mosque anywhere and feel welcomed. This is quite contrary to Christendom where a southern Baptist would not be caught dead (or alive) in a Catholic Church.

One cannot get carried away with this appearance of Muslim unity. Although Muslims rightfully pride themselves in being race and color blind, nonetheless the schisms and the various sects of Islam do have cultural and racial undertones. The difference between Shi'ite Iranians and Sunni Arabs is as much theological as racial and cultural. Similarly despite the bond of Islam, the Bangladeshis (former East Pakistanis) could not get along with West Pakistanis. The commonality of faith was not enough to overcome political, cultural, and ethnic differences.

Advocates of globalization believe that modern technology and free markets will not only bring prosperity but also draw people of different cultures and backgrounds closer. When people are brought together in an interdependent relationship as in free trade (in contrast to a dependent one, as with colonialism), the results could only enhance goodwill. Compared to early Islam, today's globalization is still at a very

rudimentary stage. In early Islam there was freedom of movement of not only goods and services, but also people. Early Islam even had its own head of state: the Caliph.

Farish Noor, the Malaysian political scientist studying the Islamic movement, relates that there are fringe Islamic political groups that would like to bring the Islamic world back to that pristine past, encapsulated by their cute and catchy slogan, "The Caliphate: Coming Soon to a Country Near You!" To drive home my point about the leveling effect of globalization, it is through the Internet specifically and globalization generally that enables such fringe groups like the Hizbut Tahrir (that advocated the return of the Caliphate) to spread their messages far and wide.

Apart from colonialism and Islam, the other significant globalizing force is communism. Here the guiding element is ideological: "Workers of the World, Unite!" Communism too transcended national and ethnic boundaries. Even the Vietnamese and Chinese, neighbors but ancient enemies, were united through the bonds of communism, at least temporarily when they were facing a common enemy—America. With the collapse of communism and with it the ideological solidarity, the two were at each other's throat almost immediately. Tito glued together the fractious old Yugoslavian republic through communism. Without Tito and communism, Yugoslavia is no longer an entity. Whatever may be said of that ideology, at least there was no orgy of ethnic cleansing when Yugoslavia was a communist state. The vast Soviet empire was held together by communism. White Russians, Mongols, Armenians, Eastern Europeans, and Middle Easterners were all lumped together and committed as workers and communists. When communism collapsed, so did the empire.

The egalitarian ideals of communism attracted many intellectuals of the First World. Elite British institutions like Oxford, Cambridge, and the London School of Economics were breeding grounds for the ideological giants of the faith. Even today many standard British economics textbooks still extol the wonders and promises of communism as an

efficient economic system. This ideal too proved seductive to many Third World leaders, especially those whose nations had just been liberated from colonialism. Perhaps it was the exuberant embrace and unending declarations of socialist solidarity from the Russians and left wing British that took in the natives. After being regarded as second-class citizens or worse by their former colonial masters, to be treated as equals by these White leftists must have been a welcomed change, and no doubt very flattering too.

Today communism is a spent force. It failed not because the objective of workers' solidarity is not noble rather, as an economic and sociopolitical system, it failed miserably to deliver the goods. Communism now exists only in such quaint places as Cuba and North Korea. China is only nominally communist. Cuba and North Korea serve as ready examples of the hubris of this godless ideology. Even Castro's spellbinding (to the committed anyway) oratories cannot stop the decline of the ideology. Once Castro is gone, so too will be the last remaining remnant of communism. North Korea serves as a living museum for a failed ideology; its citizens, reluctant exhibits.

Contrary to the views of many Muslims, I do not consider globalization a challenge to Islam. I consider the two complementary. Islam increasingly is the answer to the modern man's spiritual needs, while globalization caters to the material. The two forces are not in competition. I do not see anything in modern globalization that is contrary to Qur'anic teachings or Islamic practices. Quite the contrary! Many of the concepts of globalization, like free trade, are very much in tune with Islamic values, but more on that later (Chapter 11).

LEVELING EFFECTS OF GLOBALIZATION

What critics in the West fear most about globalization is its leveling effect. It means that an uneducated American will fare as badly as an illiterate Indonesian, but at the same time, a skillful Indian programmer can compete equally with his American counterpart. The much-

coddled and highly unionized American workers panic when they discover that Mexicans earning a fraction of the wages can do the same work just as efficiently and skillfully. Consequently many major American manufacturers are moving their plants to Mexico. It is this aspect of globalization that is most feared by America's Pat Buchanans and Ralph Naders.

Manufacturing jobs are not the only ones heading south. Typists in India do the transcriptions for many American hospitals. The dictation is digitized, encrypted, and then transmitted via Internet to India, where it is downloaded and transcribed, and then re-transmitted back to America, ready for the patients' charts by the next morning. Many of these typists are Indian doctors who found that they could earn more as medical transcriptionists rather than as practicing physicians.

The services of many American corporations are also increasingly contracted out to the Third World. Phone inquiries are answered not by Americans but by Indians in India who have been trained to speak and respond like Americans. They even assume typical American names like Debbie and Patty. They are fully prepped in the minutiae of Americana so customers at the other end of the line think they are speaking to someone in Peoria, and not Poona.

The data entry of many insurance companies and airlines are done in places like Jamaica and Ireland. Paper claims and used airline tickets are flown to Jamaica where they are inputted into computers and the data then relayed to America via satellite. Such labor-intensive clerical work would be too expensive to be done in America. With such opportunities afforded by globalization, it is hard to imagine it as a grand wicked scheme perpetrated by the West to victimize and oppress the Third World. These critics ought to ask those Indian transcribers and Jamaican data entry clerks before condemning globalization.

A common criticism of globalization is its tendency for social and cultural homogenization. The usual example cited is the ubiquity of McDonald's restaurants worldwide. But this is a misreading. McDonald's is popular in India despite Indians being vegetarians; it

serves vegetable burgers instead. Thus what is popular is not the hamburger or McDonald's, rather the concept of a fast, tasty, and affordable meal served in a hygienic environment. That is the universal value, cherished by vegetarian Indians as well as chopstick-wielding Chinese.

When Malaysians bank at Citibank rather than the local variety, it is because Citibank offers superior customer services. Nationalism is a very distant consideration. This applies to Malaysians as well as Japanese and Americans. Japanese are the biggest buyers of American Treasury notes because they consider that to be superior investments, not because they are particularly fond of Americans. What is valued is not America, rather quality and best returns.

Many in the Third world see globalization as another version of Westernization because many of the innovations that drive it originate in the West. But this will not be permanent. China is rapidly developing by enthusiastically embracing globalization, and once it becomes a giant power it will become a major player not only economically but also politically and culturally. Right now America can dictate its terms to the rest of the world, as there is no other power to challenge it. But within a generation China will be such an economic and political force that it could challenge America, though not necessarily militarily. Such Western concepts as human and civil rights that America now successfully presents as universal values simply because of the lack of credible challenges, will no longer be viewed as such once China is able to assert itself. China will then be able to present an alternative version of those rights. It is significant that Chinese leaders are furiously trying to catch up by embracing not only globalization but also all its other accouterments, especially the English language. China wants its future leaders to learn directly from the West without having to depend on translations. This is quite a remarkable transformation from the xenophobia of only a decade ago.

Kenichi Ohmae, the Japanese management consultant advising Mahathir on the Multimedia Super Corridor project, noted that crass appeals to nationalism are receptive only to residents of poor Third

World countries. Once the annual per capita income reaches US\$10,000, citizens begin to have a wider perspective. They are then more interested in quality and best returns for their hard-earned money. The typical American could not care less where his car is being manufactured, be it in Detroit, Tokyo, or Stockholm, as long as he gets value for his money.

Independence, for nations as well as individuals, is definitely overrated. It is much easier to be independent and to maintain your independence when you are strong, smart, and successful. Paradoxically, when you are all three, you choose to depend more on others, that is, you become more inter-dependent. I find the preoccupation of Mahathir and many Third World leaders in maintaining "vigilance" and "fighting" for their independence quaintly amusing.

America is the largest, strongest, and most self-sufficient economy; it could easily afford to be insular and independent. If the Arabs were to shut off their oil, there will always be the Alaska oilfields and the vast coal deposits to replace it. If the dollar tanks, ordinary citizens would not suffer. Sure imported luxury cars like Lexus and Mercedes may be more expensive, but there will always be Lincolns and Cadillacs. But instead of being closed, the American economy remains the most open. As a result its citizens enjoy the highest standard of living. Americans are certainly not bothered that foreigners make their cameras and radios. Nor are they concerned that poor Indonesians and Vietnamese make their favorite sneakers. In many ways they are glad for if Americans were to make those products, the average consumer would not be able to afford them. In this way they could rationalize doing good by providing jobs to Third World inhabitants as well as benefiting from cheap imported consumer goods. Besides, if those Indonesians improve their standard of living, they might buy higher-value American products. One Boeing 747 sale to Indonesia's Garuda Airlines would more than make up for the purchase of millions of sneakers. Similarly, one Malaysian studying at an American college for one year is equivalent to the export of one American sedan. It is for these rea-

sons that Americans are not obsessed with being independent or self-dependent.

The notion that each nation must be self sufficient and self reliant, the classical ideal of an autarky, is not only inefficient and wasteful but also not in concert with the basic human character. A nation, like an individual, cannot exist as an island unto itself.

Citizens of Cayman Island go through periodic referenda on whether they should be independent, and each time they choose not to. Having seen what happened to Jamaica and elsewhere, that is indeed a rational choice. Had the Chinese in Hong Kong been polled, most would have chosen to remain with the "white devils" rather than "unite" with their Communist kin.

Many in the Third World misinterpret or are suspicious of globalization because of its Western, in particular American, origin. Since the West once colonized many Third World countries, this fear is understandable. This also reflects an ugly underlying racist assumption—distrust of the White man.

Why should we reject ideas simply because they originate from other than one's own kind? This is not rational. We should be able to evaluate the merits of globalization regardless of its promoters and or origin. The White man also started socialism and communism, yet those ideologies were readily accepted in the colored world. In reality, the fear of globalization is more closely tied with the fear of foreigners, especially so if those foreigners were also former colonizers.

Globalization today is a reality, the mobs in Seattle and Prague notwithstanding. The 9-11 terrorists attacks may have slowed this fast galloping phenomenon, but it is only temporary. We can no more stop globalization than the flow of the mighty Mississippi. Globalization now has acquired its own momentum. Malaysia should accept this and begin learning to adjust and take full advantage of it. If Malaysians can better understand globalization, they can use to its full advantage. It is the ticket for Malaysia to join the ranks of the developed world and to achieve its Vision 2020 aspirations. The way forward for Malaysia is

not to rant and rave against globalization, rather to accept it and seize the opportunities afforded.

Today's globalization, unlike earlier ones that were based on ideology, is knowledge and technology driven. It is modern technology and the application of knowledge that drives the global economy of today. Trade and investments, together with the greater ease of movement of people across borders, are its drivers. To be sure, people (and thus labor) do not cross borders as easily as goods and services, unlike the heyday of imperialism when unschooled natives of India and Africa could enter Britain at will.

To a large extent the mindset of critics of globalization in the Third World is conditioned by their earlier experiences with colonialism and their subsequent encounters with foreign investments. Thus an understanding of the history and dynamics of foreign investments in the Third World is warranted.

FOREIGN INVESTMENTS IN THE THIRD WORLD

Countries like Malaysia that were once colonized are rightly sensitive about their independence. Thus they look upon foreigners, including investors, with suspicion. The typical Third World initial experience with foreign investors had been with companies of imperial powers. These companies were concerned primarily with plantations and extractive industries. In Malaysia they were involved in rubber plantations and tin mining. The exploitative nature of such investments was quite obvious. Rubber, tin, and other precious commodities were exported to Britain where they were turned into high-value manufactured goods and then sold back in Malaysia and elsewhere at exorbitant prices. Meanwhile the rubber tappers and tin miners were paid pittance for their effort. The bulk of the profits were kept in Britain with

little if any repatriated to Malaysia. No wonder such investments became easy targets for the nationalists.

Even though those early investments were clearly lopsided and exploitative (asymmetric, to use a modern phrase), nonetheless Malaysia benefited immensely. First, the country would never have known that it was capable of growing rubber had the British not started the plantations. Rubber is not indigenous to the country; the British brought the seedlings from South America via London's Kew Gardens. Second, such investments ushered the nation into the world economy. Thus events in other parts of the world impacted Malaysia. Conflicts in the Korean Peninsula in the 1950's resulted in a heightened demand for rubber and the consequent bonanza for Malaysian rubber producers. But it was short lived. With the discovery of synthetic rubber, the bloom was off. Tin too enjoyed an unchallenged market for a while until the ready availability of aluminum brought on by cheap hydroelectric power adversely affected the industry. Now "tin" cans are made of aluminum, and the market for tin collapsed.

For Malaysia these new industries also added a new and volatile political dimension: massive immigrations and the consequent race problems. Pressed by the need for cheap labor, thousands of penniless foreign coolies from China and India were imported, saddling the country with ethnic problems that it is only now beginning to come to terms.

As an aside, we should not blame the British in this regard; economic necessity dictated it. Decades later, independent Malaysia too had to import literally millions of cheap foreign labor to man its industries. Economic dynamics do not recognize race or ethnicity. Employers, local or foreign, native or colonial, always look for lowering the costs of production, and if that involves cheap foreign labor, so be it. In this regard present-day Malaysian political leaders are behaving very much like their earlier colonial masters whom they severely criticized for making decisions based on short-term economic considerations and oblivious of the long-term social consequences.

With the lopsided nature of these early investments it did not take long for native politicians to exploit the issue. These colonialists were now also hated as capitalists, out to exploit workers and natives (the two were often synonymous) all in the name of profits. All the good that these companies had done for the host country were forgotten in the nationalists' rhetoric. The natives had conveniently forgotten that before those rubber plantations came into being, the landscape was nothing but impenetrable jungle. As for the tin, it remained buried underground.

Not surprisingly, with independence the first order of business for the new leaders was to nationalize these industries. They were visible reminders of colonial power as well as symbols of the exploitation of workers (read: natives). Besides, many of these leaders, having been trained at such elite institutions as the London School of Economics, were enamored with central planning and state socialism. They figured they could run these industries better than the colonialists. The results, as we can now see so readily in Zimbabwe and Zambia, are disastrous. Once productive factories are now rusting under the tropical sun, and the ever-aggressive jungles now reclaim once thriving plantations.

Malaysia took a slightly more sophisticated route but the end results were the same. Instead of outright nationalization, it used its various state corporations to trigger corporate takeovers of these publicly listed colonial companies. Seasoned foreign managers were replaced by less-than-competent but politically powerful local operatives. To cite one particularly outrageous example, Ghaffar Baba, a top UMNO functionary but a man singularly lacking in experience or training in business or management, was made in charge of some of these blue chip companies. Today not only is he a discredited politician, but he had been named in at least two personal bankruptcy suits. So much for his financial acumen! Sadly there are many Ghaffar Babas out there. Once great names in plantations (Guthrie, Socfin) and mining (Idris Hyraulic, Rahman) are today nothing but hollow corporations, more con-

cerned with developing their real estate holdings than expanding their core expertise.

The next experience with foreign investors was during the pioneer industrialization phase in the decade following independence. These were aimed primarily at import substitution, to save foreign exchange. These second wave of investors were greatly welcomed as they were readily seen as contributing directly to the nation's well being, first by producing much-needed consumer goods locally, and second for their export earnings. So enamored were Third World countries with these investments that they introduced various incentives to lure investors, including guarantees of a protected home market and generous tax incentives.

This Import Substitution Industrialization (ISI), mindset was popular in the 1950s and 60s in tandem with the *dependencia* thinking. This mindset looked upon trade as a "zero-sum" exercise: developed countries' gain must of necessity be at the expense of developing countries.

These "infant" industries were protected by tariffs to prevent "unfair" competition from well-established foreign firms. It did not take long for these protected industries to ante their demands, which were readily acceded to by a corrupt government. Insulated from the rigors and discipline of the marketplace, these companies would soon become flabby and non-competitive, their products expensively priced and shoddy.

Despite such outcomes, countries like Malaysia remain addicted to such protective instincts, inspired by the apparent successes of Japan and other East Asian countries that had instituted similar protective barriers. I say apparent because today these countries have lost much of their luster. The then prevailing view was that because of the protection afforded, their industries were able to develop gradually and learned from their mistakes. From those tentative steps in an insulated environment, they were then able to grow and then take on the world. We all remember the crude jokes of the 1950's and 1960's on what "Made in Japan" implied! Today nobody remembers those jibes any-

more. If Japan had not protected those industries, so the argument goes, they would not have had a chance to mature into their present highly competitive stature.

Indeed Japan's success spawned many imitators, especially Malaysia. So impressed was Malaysia that Mahathir started a "Look East" policy in the early 1980's to ape the Japanese. Come the 1990s however, Japan was a bust, its industries moribund, and economy sputtering. What gives?

In truth many misread the Japanese story. As Harvard's Michael Porter observes in his book, *The Competitive Advantage of Nations*, the successful Japanese companies that now dominate global markets—the Sonys, Olympus, and Toyotas—survived rigorous competition at home. They competed aggressively among themselves and only the most vigorous, those who have mastered the art of satisfying their customers, go on to conquer the world. Meanwhile their "protected" industries—banks and other financial institutions—are wallowing in misery, unable to compete beyond their shores.

As a result of its commitment to foreign trade, Malaysia enjoyed a boom in direct foreign investments in the 1980s and 90s. These later investors were chiefly in manufacturing, especially semiconductors. They were welcomed because, quite apart from the employment opportunities provided and foreign exchange earned, they spread the "Made in Malaysia" brand names worldwide. Malaysians also discovered that being a factory worker was much more agreeable to working the land under the blistering sun. Thus it was a no-brainer for its policymakers to welcome foreign investors even if it meant abandoning long accepted dogmas. For example, during the recession of the mid 1980's, the government saw fit to relax the stringent rules on Bumiputra ownership and employment in order to attract foreign investors. Foreign investors were now no longer derisively labeled as capitalists or exploiters of workers; rather they were much-welcomed employers and contributors to the nation's well being.

Having seen the tangible benefits of direct foreign investments and trade, Malaysia felt encouraged to liberalize its markets further. The initial steps were tentative and tepid, and consisted of mainly dismantling the massive barriers and tariffs. Later, foreigners were allowed total ownership of enterprises that catered exclusively for exports. Remarkable things happened. For one, local industries forced to compete with imports were now producing better quality products. For another these investors, especially the Americans, transferred their superior technology and expertise onto local hands. These early successes emboldened the government to free up other sectors like financial and capital markets. Local companies could now tap foreign capital and likewise, foreign funds could flow easily into Malaysia. These liberalization steps notwithstanding, the government still controlled the financial sector and other "commanding heights" of the economy.

With the subsequent free flow of capital, Malaysia took off. With foreign portfolio managers now tracking the local stock market, the Kuala Lumpur Stock Exchange (KLSE) index zoomed; so too the local economy, especially real estate, fueled by the easy availability of foreign loans. The skyline of Kuala Lumpur was reshaped almost daily with the sprouting of new skyscrapers. Foreign lenders, smitten by their earlier successes, were rushing to lend lest they be left out of this latest El Dorado. The herd mentality took hold, with money managers compelled to seek borrowers in Malaysia. Every little project could now get funded regardless of its economic sense. Alas, all came to a crushing halt with the economic crisis of 1997. The bubble burst.

For Malaysia the end results were essentially these: its currency devalued by about 40%; economic growth sputtered; and its high-flying corporate players grounded. But the most significant casualty was that the tentative liberalization steps came not only to a crashing halt but were reversed. Malaysia instituted strict capital controls and declared its currency illegal abroad. The economic consequences were severe enough, but the more significant impact was on the collective

Malaysian psyche. Foreigners are now looked upon again with deep suspicion; viewed as the new colonizers and as the cause of the crisis.

There is no shortage of analyses on this crisis. But economic post mortem lacks the certitude and finality of the medical variety. The debate continues. One thing is undisputed—the distrust of foreigners resurfaced.

The seeds of such suspicions however, had been sown much earlier, during the liberalization phase and the coming of the third wave of foreign investors. This third wave, symbolic of globalization, was made up not of planters, miners, or manufacturers as with the first two waves, rather of "knowledge workers." To use the phrase of President Clinton's Labor Secretary Robert Reich, they are the highly valued "symbolic analytic" workers: consultants, professionals, investment bankers, venture capitalists, and others. Their services were already highly developed and efficient in the West; thus they targeted the vast virgin territories of the Third World for their next conquest.

What galls Malaysia and other developing countries is that unlike earlier investors who seemed to bring tangible beneficial results to the host nation, these later investors appear to just rake in the profits. Western bankers and portfolio managers would invest in Malaysian companies, reap the profits, and then move on. To the uninitiated, they appeared to come into the market, speculated on some shares, and then walked off with their bounty. What Malaysians did not realize was that these foreign funds buoyed the KLSE index and the shares of many local companies. With the increased value of those shares these companies could leverage their equities to get even more loans. But when the crisis hit, foreign investors fled, chased away by among other things, capital control. The KLSE tanked, losing nearly 80% of its value in dollar terms. Companies that had leveraged themselves precariously, had to unload their shares. That in turn created a downward pressure on stock prices. Nearly five years later the KLSE index is just barely halfway up to its highest point just before the crash. It will remain sluggish until foreign money returns.

This third wave of investors brought with them only their superior skills, symbolized by their ever-present laptop. Although their services were needed badly, they also ended up exposing the inadequacies of local talent and institutions. Thus when these new foreign enterprises easily captured local markets with their innovative products and superior services, their local competitors were reeling. When Citibank issued credit cards and consumer loans to civil servants based solely on the security of their job (a niche hitherto ignored by local banks), not only was it a huge success but it also irritated local banks. As the government and members of the ruling elite own these local banks, it did not take long before Citibank would be accused of unfair competition, and legislation introduced to curb its expansion.

This scene would be repeated with other financial institutions like brokerage and insurance companies, as well as other sectors. The professions too were quick to jump in to curb the inflow of foreign experts, under the pretext of maintaining "local standards." The Bar Association was making threatening noises when the government was planning to open up the legal service to foreign competition. When the prestigious multinational law firm Baker & McKenzie was thinking of opening a branch in Kuala Lumpur, there was a huge outcry from local lawyers. Never mind that the vast majority of local firms are nothing more than one-lawyer operations and thus cannot even begin to comprehend the needs of modern multinational corporations. Nor are local lawyers trained in the intricacies of international law or familiar with the new financial products and services that are being hawked by these new companies of the K economy. Fields like cyber laws, patent laws, and intellectual property rights that are the concerns of the new economy are not even taught in local law schools.

Instead of looking at these foreigners to upgrade local services and skills, Malaysians (agitated and aided by their leaders) view them instead as rapacious predators. There is mortal fear that the likes of Citibank and Bank of America if left unchecked would devour local banks. Similarly, the Merrill Lynches and Charles Schwabs would wipe

out the country's creaky and inefficient securities industry. Money managers like Fidelity and Templeton Funds, with their aggressive marketing and efficient services, would crush local competitors. The fact that local consumers prefer these companies with their more superior services and products is completely ignored by the authorities.

Malaysians, like consumers everywhere, look for the best value for their hard-earned cash. They could not care less who provides the services. But the authorities, stuck in the old school of economics and unable to unshackle themselves from their nationalistic mentality, insist that banks, insurance, brokerage firms, and other commanding heights of the economy remain under local control.

Like their manufacturing counterpart earlier, the local financial sector was protected from aggressive foreign competition. And just like the earlier manufacturers, the finance sector remains flabby, inefficient, and poorly managed, unable to graduate to the next level that increasingly sophisticated Malaysians have come to expect. Thus while international banks could clear foreign money drafts almost immediately, local banks would take weeks, all the while profiting from the free "float" at the expense of customers.

Malaysia cannot modernize its financial sector and capital markets in part because its leaders are stuck in the pre-globalization mindset, especially in their attitude towards money and capital. While to consumers everywhere money is now simply a convenient medium of commercial transaction, to Mahathir and other Third World nationalists it assumes a more important symbolic function: currency represents the nation's sovereignty. It is instructive that one of the first orders of business for many newly independent nations is to declare a new currency or to rename its old one. Malaysia has the *ringgit*, and to symbolize its new beginning, prints a portrait of its king on the paper notes. Money is no longer simply money, rather a powerful symbol of the nation.

It is this symbolic attachment to the currency that irrationally dictates many economic policies. Governments often go to extreme

lengths to defend the value of their currency when market conditions dictate otherwise, as happened in Thailand and Malaysia during the 1997 crisis. They forget that the value of a currency is a reflection of consumers' and investors' confidence in the underlying economy. A weak economy will have a weak currency, regardless of the nationalistic frenzy used to whip support for it. Malaysia lost billions and nearly exhausted its foreign exchange reserves in trying to defend the value of the *ringgit*, only to admit finally that the market was correct.

Even as a medium of commercial transaction, money or more accurately cash, has been supplanted by other instruments. The most widespread is the credit card. Even when I travel abroad I carry very little cash, only a pair of credit cards with the second as insurance in case the first is stolen or lost. With that I could purchase anything and execute any transaction. It is also safer and more convenient; if stolen all I have to do is notify my bank and the card would be rendered useless and a new one reissued. In practical terms my credit card with my picture on it is as good as the paper money with the King's portrait on it!

To an increasing number of people today money is just a commodity, like rubber and sugar. And like those commodities there is a market in money futures, that is, in predicting or anticipating its future values. Just as sugar "futures" traders take the risks from the producers and consumers of sugar, so do currency traders take the risk from lenders and borrowers.

In its simplified form a commodity futures trader works thus. Imagine I am a beverage manufacturer and use tons of sugar every day. I cannot afford to have the price of sugar, my prime ingredient, fluctuate wildly. I need it to be relatively stable so I can budget appropriately. But the price of sugar, like other commodities, will vary depending on weather, political upheavals, world markets, labor disputes, etc. As a wholesale consumer I do not have the time or expertise to monitor the various market conditions affecting sugar price, otherwise I cannot devote my energy to producing my primary product. All I need is a steady supply of sugar at a reasonable and predictable price. Enter the

futures trader. For a fee he will guarantee for me my supply of sugar for the next few months (or years) at an agreed upon price. If the price of sugar drops he will reap his profit, but if Castro throws his usual political antics and the price jumps, then I will be protected but the trader will lose his profit.

And if that sugar commodity trader were prudent, he would spread his risks by diversifying. That is, he would also invest in other commodity futures so that if he loses money in sugar, he would be able to recoup in soya beans, for example.

Traders in currency futures too, serve a similar function. Assume MAS borrowed US \$100 million to buy a 747 jet and have to repay the loan in US dollars. But MAS's revenue is in *ringgit* (bulk of it). If the *ringgit* appreciates in value with respect to the US dollar, then the company will need fewer *ringgit* to service the loan. That would be a bonanza to the company. However if it depreciates, then MAS would have to spend more to service the same loan. Small variations in the exchange rate would not be disruptive, but wild fluctuations could put the company under by making the amount of loan payments unpredictable.

Competent financial managers guard against such unanticipated changes by "hedging," that is, for a small down payment ("options") he would be guaranteed a certain amount of dollars at a preset conversion rate. As with the sugars options discussed earlier, if the dollar appreciates then the currency trader would absorb the loss and spare MAS the added costs. By securing such options MAS would be acquiring an insurance policy against the potential weakening of the *ringgit*. The debacle that snared MAS and many other Malaysian companies during the 1997 economic crisis was in part because they borrowed huge sums of dollars that were "unhedged." When the *ringgit* depreciated, the costs of those loans effectively went up.

Thirty years ago almost all cross-border transfers of currencies were for payments of goods and services, that is, for payments of actual trading. Today the overwhelming bulk of cross-border movements of

funds are by currency traders using money as a commodity, trying to exploit changes and small differentials in exchange rates in the different markets. Every day over trillion dollars are sloshing around the world's money markets, and only a very tiny fraction of that is being used to pay for actual physical trade in goods and services.

Money is now a commodity, to be traded across borders just like sugar and rubber futures, and with as much sentiment as for those products. Just as traders at the Chicago Commodity Board earn more than the farmers who produce those commodities, so do currency traders make more money than those whose hard work generated those cash in the first place. Mahathir may rail against these speculators but they are not likely to disappear. I have always regarded futures trading nothing more than 90% gambling and 10% useful economic activities (protecting producers and consumers from the risk of price volatility), but as long as it serves even that small an economic function, it will remain. No government can outlaw it; doing so would only drive them underground. Then they would become 99% gambling.

Left wing social science professors may condemn these commodity traders. Why should these young hustlers in their air-conditioned trading pits and who cannot tell apart the wheat from the shaft be earning more than the hard working farmers? It is sinful and unjust. If anyone should benefit from any increase in the price of grain, it should be the farmers, not those speculators. This was the theory behind the Soviet collective farms, with the farmers (with the help of the state) controlling not only the production but also the distribution and marketing. The collapse of the Soviet farms proved the fallacy of such a system. Farmers should stick to farming, marketers to marketing, and risk takers (commodity traders) to managing the risk.

Currency traders like George Soros indeed make a killing—when they guess or gamble right. But when they are wrong, they eat more than humble pie. They could be wiped out. The near collapse of the billion-dollar hedge fund Long Term Capital Management in 1999 is a grim reminder of the stakes in this new form of trading.

Economists and others who have long tried to grapple with how to control or tame currency trading have been humbled by their attempts. Many a conference and seminar has been devoted to rebuilding the "architecture of international finance." The fact that there is no solution as yet points to the difficulty of getting unanimity on the issue. Chile once charged a premium for short-term capital ("hot" money) by requiring a portion to be deposited in a non-interest bearing account with the central bank. That was then. Now with the intense competition for foreign funds, Chile has done away with that novel scheme. The Yale Nobel economist James Tobin suggested a similar concept, the so-called Tobin Tax, to dampen speculative activities of currency traders. The fact that such schemes have not been adopted suggests that there are associated costs. Ultimately it is borrowers, not lenders, who would end up bearing the added cost. Thus instead of ranting and raving against currency traders, we would be wiser to accept them and to learn their ways in order to protect ourselves. Countries should concentrate on producing goods and services efficiently, and let the currency traders assume the foreign exchange risks.

While Mahathir may now righteously condemn currency traders, his own central bank was actively involved in the foreign exchange market. Indeed Bank Negara's excessive speculative activities in the early 1990s prompted the United States Federal Reserve Bank to issue a stern warning. As it turned out, that was unnecessary as Bank Negara was later humbled by the loss of billions on a wrong gamble on the dollar. The difference between Soros's and Bank Negara's loss is that with the latter, it is the Malaysian taxpayers who ultimately foot the bill.

Thirty years ago there was no currency trade. For one, there were only a few major currencies in the world so there was not much room to speculate. Today every tiny little independent country wants its own currency; thus opportunities for speculators are wide open. The other reason is that currencies then were tied to the value of gold. Money then held its value. The US dollar was the last major currency to de-link itself from gold. Without an underlying precious metal to support

it, the value of paper money is based largely on the confidence people (the market) have on the underlying supporting economy. Of course if the world has a single currency those speculators will be out of business.

In this Internet age, money is nothing more than blips of positive and negative charges (digitization) spinning around the globe at the speed of light seeking the highest returns commensurate with the risks. Once we consider money as a commodity in addition to its traditional function, we will then better understand and come to terms with the currency market, which is now so much a part of globalization.

THE FORCES DRIVING GLOBALIZATION

Much as the Industrial Revolution of the 18th century was driven by machines, so too is today's globalization propelled by technology, in particular Information Technology (IT), and knowledge. The Industrial Revolution began with the invention of steam engines that were used primarily to pump water out of mines. Later they were adapted for other uses, from weaving machines to steamships and locomotives. The mechanized weaving mills revolutionized the textile industry; locomotives and steamships, transportation. Machines could produce goods not only in mass quantities but also of consistent and reliable quality. And those goods could now be transported to vast distant markets, thanks to cheap mechanized transportation. The locomotive was instrumental in opening up the vast American continent and propelling America into a major economic power.

IT is based on the digitization of data. Data, be they voice, graphics (pictures) or text could be reduced to blips of "off" and "on" switches, and then transmitted over cables or satellite at the speed of electricity (light). The entire text of this book could be reduced to billions of such bits and then transferred to a reader at the other end of the globe where he or she could download them on the computer and be able to read my book in exactly the same way as it was originally presented. The

whole process would take seconds. To rely on airmail would have taken days.

Through the wonders of IT I can listen in real time to a sermon delivered at a Jerusalem mosque and also view the *khatib* (preacher) as he is delivering it. Sitting in my home I was able to watch on the Internet Mahathir addressing the 2001 UMNO General Assembly. And if someone had a digital video camera, he could broadcast the reactions of the crowd and transmit the images worldwide, giving viewers another perspective on the assembly instead of relying solely on the official videotapes broadcasted by the state-controlled television channel. All these are made possible by the digital revolution.

Just like the early steam engines found their way into other activities, so too has IT weaved its way into every facet of modern life. Even the simplest household gadget like a coffee maker has a computer chip embedded in its innards to enable the homemaker to program it to start brewing at a certain time. Through the computer, which is the prime symbol of IT, I can communicate with someone at the end the globe just as easily as if he were in the next office.

The locomotives and steamships of the Industrial Revolution made mankind master the concept of geography. To 18th and 19th century Britons, faraway Ceylon was not some imaginary island in the tropics but a place where they could order their beloved tea. Geography ceased to be a barrier to trade or travel.

With the IT revolution we have again made a quantum leap in progress with respect to geography. We have effectively or virtually eliminated it. We have now effectively neutralized the "tyranny of geography." With IT, it matters not where you are, as long as you are connected to the information superhighway, it will take you anywhere on the globe in split seconds. IT makes possible the free flow of data and information across borders.

There are two remarkable aspects to the IT revolution. One is that there is no central authority in charge—no government, UN Agency, or powerful corporation. It is as amorphous as it is ubiquitous. Two,

the costs are declining as fast as the technology is improving. Not only are the fixed costs (computers, laying of cables, satellites) decreasing; the marginal costs are declining even faster. Once the cost of launching the communication satellite into orbit is paid, the additional (marginal) cost of adding an extra channel is simply the cost of the technician turning on the switch.

The forces driving globalization are essentially these: technology, specifically in IT; capital (money); and ideas (knowledge). IT makes possible the near instantaneous transfer of funds worldwide. When MAS buys a new 747 jet from Boeing there is no signed check to be delivered or mailed. Instead the moment escrow is closed, the funds are immediately wired from MAS's bank in Kuala Lumpur to Boeing's in Seattle. Likewise when a reader in Malaysia orders my book from Amazon.com in America, he could use his debit or credit card to transfer money from his bank to Amazon.com's bank. Whether the transaction is for \$50 or \$50 million, the same technology is used at the same transaction cost. Money is not the only item that can be transferred via the Internet. More important is the transfer of ideas. Information is now no longer the preserve of those in power but diffusely distributed.

During the Industrial Revolution, with machines doing the work of workers, there was a quantum leap in the productivity in all sectors of the economy. Where previously it would take a farmer a whole week to till his little farm with his ox and primitive plow, a tractor could do it in a matter of hours. In the factory one worker could look after a dozen weaving machines, each producing yards of cloth per hour, an output that previously would have occupied thousands of workers. In transportation, steamships could reliably deliver goods to distant markets in a much shorter time than would the old sailing schooners. Each new generation of machines would in turn help produce even more complex and powerful machines. Old engines that were once powered by wood gave rise to newer models that burned coal, and later, natural gas, gasoline, and electricity. Their designs too changed radically, from the internal combustion engine to diesel-powered ones and later, gas-pow-

ered turbine and jet engines. Each new design represented an improvement in efficiency.

Similarly, the present IT revolution means more than just the ease of transferring data. It permeates into every facet of the economy. Earlier I gave the example of the improved productivity in my own medical practice made possible by computers. When I published my book *The Malay Dilemma Revisited* in 1999, I did not use a single sheet of paper nor spent a dime on postage stamps. I did the entire writing straight on the computer, edited it directly from the screen, and then e-mailed the manuscript to my publisher. When it was ready, it was e-mailed back to me for proof reading, again directly from the screen, and then e-mailed back to the publisher. Previously (and also presently with many publishers), the whole process would have consumed many a tree for the papers needed, and hundreds of dollars worth of postage, and countless hours of retyping. But with modern word processing software, corrections and editing involve only a few strokes on the keyboard. When my book was ready for marketing, my publisher was able to e-mail the announcement to thousands of potential readers worldwide, again without spending a cent on stamps. Additionally the book was made available on major online bookstores without it being actually physically present in the bookstore. When a customer orders it, that order is immediately transmitted electronically to my publisher, from where the book would be immediately printed and shipped out. The transaction, whether across town or the globe, could be executed in seconds and at a marginal cost of pennies. (Marginal in contrast to the fixed cost in the purchase of computers and software.)

In another area, using sophisticated software, airlines can now predict with a high degree of certainty how many seats would be sold on any given flight based on past experience. It can then use this information to offer the anticipated unsold seats to last minute discounters (bucket shops, in the language of the trade), thus converting what would have been previously empty, non-revenue producing seats into productive ones. Again using computers, the airline could plot the

most economical (least fuel consuming) route. Oil companies regularly use sophisticated computers to mine data abstracted from their explorations, thus reducing considerably their chance of a dry hole. The American military is using computers to guide their "smart" weapons to devastating effects, as the Iraqis learned to their sorrow during the Gulf War, and as the Talibans are now experiencing.

It took awhile for economists to recognize the tremendous gains in productivity IT makes to the economy. In part this was because those improvements were not readily apparent or measured, unlike the obvious gains of the Industrial Revolution that were readily seen and thus measurable.

The modern technology that accelerates globalization is not limited only to IT. The costs of travel, transportation, and communication have also dropped steeply due to advances in technology. With such gains in productivity, costs are lowered and the savings passed on to consumers. An airline trip is now within reach of the average Malaysian. During my student days in Canada I hardly made phone calls home; it was too expensive. Today, Malaysians in America call home almost every weekend! The cheap cost of transportation made it possible for retailers in America to order their merchandise from faraway places like Indonesia. It makes geography and distance minor cost factors. It is this that fuels international trade, and with it globalization.

In 1938 the ratio of the world's imports to gross product was about 7%; by 1970 it crept up to only 10%. But by 1996 it nearly doubled to over 18%. That is to say a greater proportion of the world's products and services are being traded between nations. But the statistic that is more significant is that countries that have a greater ratio of the value of their international trade to their gross product tend to be more prosperous. Simply stated, trading is the way to prosperity for nations; the more we trade the more likely we are to prosper.

A corollary to globalization is the development of a common acceptable standard, or to use the language of the computer, a common platform, or at least a compatible operating system. In the computer

industry, a common platform enables my computer to link and communicate with thousands of other computers. One of the common platforms of globalization is language. There is a need for a common language to facilitate communication. By default English is now assuming that role. This is not a dictate from Britain or America but simply the result of an evolving pattern.

Another imperative would be a common currency. At present there is no single currency that has successfully assumed the role of a global currency. In pre-Breton Wood days when the dollar was tied to gold, it could probably be acceptable as a world currency. And indeed it was. Currently the dollar is like any other currency, backed only by the confidence consumers have on the underlying American economy. When confidence is high, its value shoots up; when America runs chronic deficits and its financial houses in disarray, the dollar plummets. It has ranged from over 300 yen to under 80, all within a few decades.

It is more likely that eventually the world would settle into a few major currencies, with the others tied to one of them. Western Europe has dispensed with its multitude of currencies into the euro. The dollar is fast becoming the currency of choice in the Western hemisphere. Panama and more recently Ecuador has dollarized its economy, dispensing with their own currency. The more currencies there are the more exchange rates, and more opportunities for currency traders to exploit. The best way to put these traders out of business is not to rant and rave against them or label their activities "unnecessary, unproductive and immoral" (Mahathir's phrase), but to have a single world currency.

In the Caribbean and Mexico, the dollar is the marketplace currency; only government employees are paid with the national currency. Everyone else, especially taxi drivers and airport porters, insist on the dollar. Before Ecuador dollarized its economy in January 2000, its *sucre* was gyrating from 14,000 to 26,000 to the dollar. Ridiculous! You need a wheelbarrow of notes to execute any transaction, reminiscent of pre-Hitler Germany. With dollarization, confidence was immediately

restored and Ecuador's GDP which contracted by minus 8% in 1999, was poised to expand by an impressive 4.5% in 2001. Meanwhile inflation dropped from a dizzying 90% in 2000 to the mid teens in 2001.

Dollarization brings its own peculiar and unanticipated problems. In Ecuador, airport porters who once were gleeful with a few hundred *suces* in tips (pennies in US currency), now belittle "only a dollar" tip! Illiterate peasants who once could value paper money by its size and color are now easily confused by the similarity of the various dollar denominations. Many Ecuadorian retailers now refuse to accept denominations over \$20.00 for fear of counterfeit notes.

Adopting the dollar means more than just simply replacing worthless local notes with the greenback. It commits the nation to very profound changes. Henceforth that nation would be linking its economic and other fates with America. The Federal Reserve Bank and Washington, DC, would determine its monetary and other policies. For most Third World countries, seeing how incompetent their leaders are, that would represent a significant improvement.

Dollarization or even strict dollar linkage is no economic panacea. Argentina gave up its peso-dollar linkage recently because the stronger dollar made its exports more expensive and thus less competitive *vis a vis* its neighbors. Even though Malaysia is not dollarized, nonetheless by pegging its ringgit to the dollar, she is also similarly vulnerable. The current major economic threat to Malaysia is if China in particular were to devalue its *yuan*, then Malaysian exports would be at a significant disadvantage price-wise.

Mahathir never fails to rail against currency speculators whom he blames for the economic crisis of 1997. There is a simple and effective way to prevent speculations on the ringgit. Get rid of it, by dollarizing the economy. No one will miss the ringgit. There are plenty of other places where we can put the picture of the king.

This idea that every little nation should have its own currency, central bank, and even airline is nonsensical. Were California to be an independent state, its economy would be the fifth largest, yet it does

not have any of those expensive symbols. When Malaysia imposed capital control in 1998, Bank Negara had to recruit hundreds of new workers. But they were not employed to monitor wayward banks but to check on travelers entering and leaving the country, and to process the now voluminous paper work necessary for routine foreign fund transfers. Had Malaysia adopted the dollar, Bank Negara would be relieved of these non-productive chores. It would then be able to concentrate on doing what central banks are supposed to do—keep close tabs on local financial institutions. Had Bank Negara been diligent in its primary function, Malaysia would not have had the Bank Bumiputra debacle or the massive dud loans strangling the banking system. That was what aggravated (or even contributed to) the economic crisis.

By adopting the dollar or any other major currency, Malaysia would be demonstrating its commitment to embracing globalization. I prefer the dollar for many reasons. One, Malaysia's foreign trade is already 80% dollar-denominated anyway. Two, we are more familiar with it than the yen or euro. Lastly and most importantly, I have more faith in the American economy than that of the European or Japanese.

Mahathir's proposal for an ASEAN currency has no merit. Not many Malaysians would trust the central bankers of Indonesia, Thailand, and Philippines to maintain the value and integrity of their hard-earned money. Mark Mobius of Templeton Fund had a similar idea, but he added the important proviso that such a currency be backed by gold to prevent those bankers from printing money at will. The Islamic world had a universal currency based on gold (*dinar*) and silver (*durham*) that Muslim enthusiasts are now trying to resurrect. In concept this is commendable but beyond academic seminars and political posturing, there is not much being done to bring the idea to fruition. Besides, having a gold-backed currency alone is not enough. There must also be trustworthy and reliable banking systems to go along with it.

What marvels me is that this IT revolution has not even reached its maximal potential. Each day promises even more dramatic improve-

ments and new achievements. Today's personal computer is a quantum leap in performance over those of only a few years ago. Bill Gates is planning to encircle the globe with low orbiting satellites to enable any one anywhere to get Internet connectivity. While such a development may not seem impressive to someone in America who already has convenient Internet access, imagine what it would do for areas like East Malaysia and Africa. They would leapfrog into the IT age overnight. There will be no need to wait for the local government or telephone company to lay phone lines and cables.

With the ease of communications, ideas and information too spread easily. News is no longer controlled by any one authority. Whereas in the past citizens had to rely on one government-controlled source (as in Malaysia) or a few commercial outlets controlled by powerful groups (as in America), today we have literally limitless sources of news and information on the Internet. Malaysia's independent web daily *Malaysiakini.com* is now more popular than the established media. During the Afghanistan bombing in the war against terrorists following the 9-11 attacks, with the mainstream American media not doing any front-line reporting, readers could still follow the news by tuning into the Arab television channel Al Jazeera (available on cable or the Internet).

This democratization of news and information is both boon and bale. Citizens can now have independent access to information and are less likely to be influenced by blatant propaganda from any one side. The most effective antidote to propaganda is the availability of alternate sources of news and views. This porous spread of information is the best offensive against totalitarian regimes. Even the Chinese government that has a penchant for controlling every aspect of its citizens' life cannot filter and control the Internet, though not for lack of trying. Were there to be another Tiananmen Square incident today, news and visuals of the horror would spread quickly via the Internet. The recent successful demonstrations against the World Trade Organization's (WTO) annual meeting in Seattle and Prague were made possible through messages sent over the Internet. Diverse groups from all over

were able to be mobilized and effectively organized through chat groups and e-mails. Law enforcement agencies were not able to track, much less anticipate, the demonstrators' moves.

Internet also made possible the booming new phenomenon of electronic commerce. Billions worth of air travel and vacations that used to be booked through travel agencies are now done directly by consumers via the Internet. I have not used a travel agency now for some years. Imagine an entire industry, travel agencies, being wiped out. But the same technology that allows me to book my vacations online could also be used for a whole lot of unsavory things. The most pernicious and widespread is the peddling of pornography. E-commerce now provides lucrative marketing tools for purveyors of filth. The leveling effect of the Internet is such that some small backroom operators in a slimy corner of Bangkok could compete with well-heeled hustlers in Hollywood. The Internet is now the medium of choice for neo Nazis, racist organizations, and terrorist cells. Cybercrimes, ranging from simple hacking to the spreading of destructive viruses and stealing of sensitive information, are costing companies billions. A major subsidiary industry spawned by IT is the development of security measures to protect the data on the Internet. And as we are now finding out, the Al Queda terrorists are using the Internet to communicate and plan their operations.

As most of the innovative ideas in IT originate in the West, the rest of the world erroneously assumes that globalization is exclusively the preserve of the West. Far from it! Such inventions originate there simply because the Western milieu encourages these trailblazers. It is instructive that many non-American born Chinese and Indians start many new "hi-tech" enterprises in Silicon Valley, California. Why do they start in California and not back in India or China? Obviously conditions back home are not conducive or supportive.

Occasionally we do get bright ideas emanating from outside the West. Case in point: the micro credit lending program of the Grameen Bank started by the Vanderbilt-trained Bangladesh economist,

Muhammad Yunus. Again thanks to modern technology, his ideas have spread globally. America has its Grameen Foundation, with similar programs in its inner cities. Grameen has also exploited modern technology by buying bulk satellite and cable time wholesale and reselling them to individual subscribers, the villagers, who have bought cellular phones from Grameen. These individuals then become the communication centers for the villages. Jute farmers in the remotest part of the country can now access the latest market information directly by phone instead of relying on the middleman. With this one maneuver those simple villagers leapfrogged into the modern age. They become empowered, freed from the information captivity of the middleman.

Grameen now has a comparable program for equipping every mosque and village center with a personal computer so that the entire village could be connected to the Web. Imagine the transforming effect: they are now exposed to the wide world of ideas. A similar program in Nepal enables villagers there to market their handicrafts directly to consumers worldwide, bypassing the whole chain of middlemen. A similar program in Sarawak enables those villagers to market their handicrafts directly to the world. Though the initial technology may have been invented in the West, the ingenuity to extend its reach is limited only by the imagination of individuals anywhere.

Those who view globalization as a new form of colonization have it wrong. They are missing the point, and more than likely will miss the boat too.

Earlier I alluded to the fact that unlike imperialism where there was mobility of labor, today's globalization does not have a comparable freedom of movement of people. Unlike goods, services and capital that can slip in and out of borders readily, people still have to go through tedious immigration controls. Leaders like Mahathir challenged the advocates of globalization to also equally liberalize immigration, that is to make the movement of people as free as that of ideas and capital. Much as I agree with this ideal, it is unlikely to happen

given present-day realities. Western countries that are today's champions of globalization have elaborate social safety nets for their citizens. Indeed the greatest asset one can have at birth is not one's set of genes, rather one's birthplace. There are significant benefits just by being an American or West European, regardless whether one is contributing or not. These include free education and other generous entitlements. No wonder these citizens want to restrict immigration; it is a manifestation of the classic "rent seeking" economic behavior.

Despite the various immigration restrictions there is nonetheless considerable mobility of workers today, but only for those at the two extremes: the highly talented and the unskilled. Someone with a Wharton MBA or a Caltech PhD would have no difficulty securing a permanent residency status in America or elsewhere. So would talented artists and athletes. American college recruiters scour African villages for potential basketball players and track runners. Cuba has little chance of retaining its marquee baseball players; they are sucked up into America. These highly desirable individuals do not have to line up at the nearby American embassy for their visas. Their coaches or corporate lawyers would do that for them. For these fortunate souls the market for their labor is truly global, oblivious of any national boundary. At the other extreme, the unskilled and the desperate, national borders too are irrelevant. Every day thousands of Mexicans slip through the porous southern border of America. Immigrants from Africa and Asia smuggle themselves in by a variety of ingenious and dangerous ways. Every so often a rusty trawler full of desperate Chinese or Indians would beach upon American shores.

The challenge for Third World countries today in the face of globalization is how to retain their highly skilled and talented citizens so they will not succumb to the lures of the developed world. In the past, appeals to nationalism and patriotism would keep them at home (at least some of them), but today such calls fall on deaf ears. The only way to retain them is to give them their dues. This means paying the going global rates, not puny local salaries. Some countries like Singapore are

aware of this and are appropriately rewarding their talented citizens with world-class pay. Many others, Malaysia included, have yet to learn this elementary lesson and are still in the mode of appealing to emotions. Sometimes that works, but most often not. There is a limit to what people would sacrifice.

Leaders like Mahathir who advocate the free movement of labor have to be careful for what they wish, for if it becomes true, the losers would be Third World countries like Malaysia. Imagine if anyone can enter America and Britain; what chance would Malaysia then have in retaining her brightest and talented citizens? They would all emigrate there and Malaysia would be left with the losers, and the unskilled illiterate immigrants from Indonesia and Bangladesh.

With the spread of ideas, there would inevitably come a convergence or agreement on what is valued and what is not. That is, the appearance of a global standard or yardstick. I do not refer to the value system or the sense of esthetic but more to mundane issues like quality of medical care and education. When Malaysians read about new advances in heart surgery elsewhere, they would not be satisfied if their local doctors stick to the old remedy. Malaysians too want the best for themselves and their loved ones. If they cannot get it at home they would go abroad. It is not just the King who goes to Singapore to get his pacemaker; every Malaysian too would sacrifice to get the best. The only way for Malaysia to stop the exodus of local patients would be to train local experts to meet international standards. When Petronas was building its Twin Towers, it searched the world for the best architect and engineers; there were no nationalistic considerations given for such a high profile project.

The growth of private colleges in Malaysia is due to the widespread perception that local public institutions are not doing a good job. How do ordinary Malaysians know this? Well, they read about the achievements of leading universities elsewhere and then draw the conclusions. Also, when parents see graduates of foreign universities and local private colleges being eagerly sought for and paid more by employers,

these parents would save hard to send their children to such institutions.

Singapore has very few private colleges because its public ones are so superior; private colleges could not compete easily. Only the very prestigious foreign ones like Johns Hopkins, INSEAD, and the University of Chicago could compete in such a competitive environment. East London University need not bother.

Medical care and education are only two examples. I can cite many more. Malaysians, having flown in the best airlines and stayed at the best hotels, would not patronize Malaysia Airways and local hotels if they do not have comparable levels of services. Just being a Malaysian establishment no longer sells. Like it or not, we have to adopt international norms and standards because our people demand them.

MAXIMIZING THE BENEFITS AND MINIMIZING THE RISKS

Understanding the consequences of and the forces driving globalization would help us maximize the benefits and minimize the risks. Globalization has its own dynamics and like the mighty Mississippi, there is no point in trying to stop it and getting swamped in the process. Malaysians would be better off trying to channel and tame the beast to benefit them. Levees along the Mississippi created vast expanses of rich fertile farms while at the same time controlling the floods. Channels and locks converted the river into an efficient and vital transportation artery. Likewise, damming provided cheap hydroelectric power as well as vast recreational lakes. Instead of bemoaning the erratic cycles and the seemingly overwhelming power of globalization, Malaysia would be better off preparing the citizens to meet this new challenge and making it benefit the nation. Malaysians should concentrate on building the equivalent of channels, levees, and dams for the citizens so they can tame and take advantage of this massive global flow.

To pursue my earlier metaphor of a tidal wave, Malaysia should train its citizens to be skillful surfers so they can ride the crest. Failing that we should teach them to be swimmers so they would not be drowned. At the very least we should instruct them on how to build their own kayaks and personal floatation devices so they could stay afloat. Preparing and adapting are more productive than wasting energy at thwarting the inevitable. We only hurt ourselves by striking out at a phantom enemy.

The government has a duty to prepare its citizens for this new reality and to ensure that no one will be swept away. The second part of this book explores the various avenues and mechanisms to achieve this goal of reducing the social price of globalization. But with any change there will be those who are dislocated, and the government must be prepared with the necessary programs to take care of them.

Americans are already paying some of the stiff price. Highly paid unionized factory workers are being laid off by the thousands, their jobs permanently exported to Mexico and China. Similarly, with computerization and the diffusion of information, layers of middle managers were made redundant. Many of those laid-off have been successfully re-trained, but many more for a variety of reasons could not make the necessary adjustments. America has a variety of generous social safety net programs like taxpayer-supported training schemes, unemployment insurance, food stamps and welfare, and social security. Despite these, many still could not bear the burden or slip through the system. In my suburban medical practice in California I see these casualties. They are real and not just some statistics. But viewed on a broader scale, for every American worker thrown out of a job, many more Mexicans are taking his place.

A few years ago a major computer disc maker in my California town, Dyan, closed down its factory and moved to Malaysia. There was an uproar locally as hundreds of well-paying jobs disappeared forever. I sympathized with those workers (many are my patients) but at the same time, California's loss was Malaysia's gain. But where the fac-

tory was, is now a major shopping outlet. I meet more Malaysian tourists there than anywhere else. Perhaps some of them are employees of Dysan Malaysia!

I disagree with those who characterize globalization as a "race to the bottom." To those workers in Malaysia and Mexico, it is a "race to the top."

Globalization may be the only means of dealing with such emerging transnational issues as pollution, terrorism, natural disasters, transportation safety, and international crime. These issues are beyond the control and reach of individual states. Malaysia was reminded of this not too long ago with the smog emanating from neighboring Indonesia. Transpolar airline routes are made possible only through international collaboration. Such co-operation is greatly facilitated by globalization.

Contrary to Mahathir's understanding, globalization does not guarantee "good for everyone, at all times, [and] in every way." No system can promise that. There is no "truth deficit" in the message of globalization. It's message is simply this: those who adapt thrive; those who don't will be left behind. This applies to any major social change; there is no mystery to that. The alternative to not embracing globalization would be to insulate oneself *a la* Myanmar, Libya, and North Korea. True, the recent economic crisis hardly affected them, but then not too many Malaysians would want to trade places with their citizens

There are of course many negatives and imperfections with globalization. For one, American and Western Europe despite their commitment to globalization, still have significant tariffs and subsidies, for example, in agriculture and steel. Malaysia should challenge them to dismantle those barriers. With our warm climate, year-round growing season, and cheap labor we can be competitive with them in agriculture. Tell the Americans that if they buy our natural rubber they would not only get a superior quality product but would also spare themselves the pollution from their synthetic rubber industry. Besides, doing so would make Malaysians able to buy American software, attend American colleges, and buy Boeing planes.

Globalization is a win-win proposition. Yes, there are shoals and sand traps along the way, and we avoid them by being better prepared and vigilant. There are flaws and inequities with globalization, and these are being addressed to by many able minds. The fact that they have not come to an agreement suggests that the problems are either not easily solvable or that there is no consensus as to the appropriate remedy. There is no need to ascribe sinister motives to anyone. American trade unionists, the Ralph Naders and Pat Buchanans are as much against globalization as Mahathir. Rest assured that Nader's and Buchanan's preferred remedies would not be to Malaysia's liking.

Malaysia benefited immensely by welcoming foreign investments and joining the global mainstream. This is not the time to retreat. In the ensuing chapters I will elaborate on the necessary strategies for Malaysia in preparing for globalization.

Malaysia's future lies with her rejoining the global mainstream. Globalization does not mean cultural homogenization or even Western cultural hegemony. Quite the contrary! If Malaysia is successful and thriving, then we are more likely to maintain and be proud of our national identity and heritage. Imagine what it would do to our literature and culture if more Malaysians could afford to buy our books and attend our cultural shows and concerts! American artists and writers are successful because affluent Americans can afford to do those things. In contrast, many gifted Indonesian artists and writers are starving simply because their poor fellow citizens cannot afford to buy or patronize their creations.

It is fashionable with many Western leftist and Third World intellectuals to belittle economic growth and prosperity, equating material comforts and affluence with spiritual poverty. I argue the opposite. It is easier to be generous and tolerant when you are prosperous and comfortable than when you are poor and struggling. In poverty you would be fighting over little bits of scrap, and life becomes very cheap indeed. We are more likely to have a civil society if we are prosperous and economically successful than if we are starving and struggling. As for the

spiritual aspect, Malays have an apt saying, *Kemiskinan mendakiti kefukuran* (Poverty begets impiety). A visit to neighboring poverty-stricken Indonesia will convince anyone of the wisdom of that ancient observation.

The surest and best way for Malaysia to get out of economic stagnation is to enthusiastically embrace globalization. Malaysia should concentrate on preparing its people and institutions for this new reality and to build the necessary safety net for the few who will inevitably be dislocated. As a prelude to this, we must first take stock of the nation and to assess its strengths and weaknesses. That will be the gist of the next chapter.

6

Malaysia: Assets and Liabilities

To prepare for globalization Malaysia must first take stock of herself. She must assess her positive as well as negative attributes; and enhance her assets and lessen her liabilities. She must also be mindful that liabilities, with ingenuity, can be turned into assets; and assets not improved upon or left to deteriorate, can become liabilities. Malaysia is vulnerable on a number of fronts, with many simmering problems yet to be addressed or even acknowledged. Malaysian leaders must critically reexamine their policies and revisit their assumptions. They must not hesitate to jettison ineffective policies, modify inadequate ones, and expand on effective strategies.

In this chapter I will review some of Malaysia's attributes.

THE COLONIAL LEGACY

The conventional wisdom is that colonialism is a negative experience for the colonized. For Malaysia, I argue the opposite. The British left behind a politically neutral and professional civil service and military, together with an independent judiciary. Malaysia also inherited from the British a system of parliamentary democracy, a very precious heritage. Those who belittle these legacies would do well to look at neighboring Thailand. It has never been colonized and its civil institutions are not well developed. Until very recently it's military had been involved in one coup after another, and its judiciary is not worthy of emulation. The Indonesians were colonized too, but they were too busy fighting against instead of learning from the Dutch. Had the

Indonesians learned a thing or two about business from that great mercantile nation, Indonesia would not be in such a mess today.

For the wider Malay world, colonialism was both a unifier and divider. Imperialism permanently divided what was once a natural Malay entity comprising the entire Southeast Asian archipelago. The Spanish claimed the Philippines; the Dutch, Indonesia; and the British, Malaysia. With the departure of the colonialists these divisions continued and indeed deepened, with each country pursuing its own separate path. Despite attempts at regional cooperation (ASEAN being the latest), these three countries have drifted apart instead of coming closer.

The converse, that is, the unifying influence of colonial rule on Malays cannot be underestimated. Prior to British rule, the Malay peninsula was nothing more than a series of tiny little fiefdoms, each with its own little sultan and system of nobility similar to medieval Europe. There was little sense of nationhood or feeling of kinship among Malays. Kelantan Malays treated their kinsmen in Johore as foreigners. The British, by bringing together these tiny Malay states into one political entity, forced Malays to think as a nation. The major impetus for Malay unity came shortly after World War II, with the British overweening attempt to make Malaysia into a permanent dominion. Malays rightly sensed this grave threat to their collective political survival; this forced them to unite to meet a common adversary: the British.

That one development precipitated a sea change in the culture of Malays. Up until then Malays were perceived as being politically docile, uninterested in the affairs of state, and content to be under British "protection." Inspired by and through the hard work of a visionary nationalist, Datuk Onn, the various Malay organizations were united under one banner, UMNO, with the sole purpose of taking on (politically) the British. It was a tall order but through Onn's leadership, Malays were successful in derailing the British plan. UMNO went on, under a different leadership, to champion the cause for independence.

It is a worthy contrast that Malaysians learned and benefited so much more from the British than the Indonesians ever did from the Dutch. One possible reason is that Malaysia gained her independence a decade later after Indonesia, and thus benefited from this longer tutelage period. For another, Malaysia's early leaders had spent some time in Britain during their youth and had seen or sampled the finer aspects of British life. Datuk Onn, for example, had attended a school in England and distinguished himself in the colonial civil service. He may have been anti-British politically, but culturally he was an unabashed anglophile. His successor, Tunku Abdul Rahman, graduated from Cambridge, and having been associated with the intellectual and social elite of Britain, was not so disparaging of the colonials and their values.

I digress here to illustrate another point. Many contemporary Malaysian leaders are viscerally against globalization. This attitude is bred because few of them have personally been immersed in or benefited from globalization. Mahathir and most of his ministers have never spent much time abroad to study or work. Nor have they run corporations or businesses that have substantial international connections or cliental. Their insular backgrounds shape their attitudes. Similarly, early Indonesian leaders like Sukarno had a jaundiced view of colonialism because they were exposed only to the brutality of Dutch rule and never to the finer achievements of Dutch society. He had never spent time in Holland.

In contrast to Malaysia, Mexico, another Third World country, welcomes globalization because its new president, Vicente Fox, was formerly the CEO of Coco Cola Mexico. He knows first hand of the importance and value of free trade and open markets. His experience with that American multinational company and businessmen exposed him to another aspect of America specifically and globalization generally, one rarely seen by the "Go Home Gringo!" crowd in Mexico City. Chile is also embracing globalization because many of its ministers and economic advisors have been trained at the finest American universities and worked with leading multinational corporations. They have exper-

rienced the tangible benefits of globalization and thus are not easily swayed by emotions. Had Mahathir been a consultant at an American hospital prior to becoming leader or had as advisors individuals like Megat Zaharuddin, the former CEO of Shell Malaysia, he would have a different take on globalization.

Going back to UMNO, had it been led in the beginning not by Datuk Onn or Tunku but by some rabble-rouser Malays who had never left their kampongs, Malaysia's fate today would be no different from Indonesia. The Sanskrit word *kupamanduka* (frogs in a well) describes well this insularity, so is the Malay equivalent, *katak di bawah tempurong* (frogs underneath a coconut shell). Their world is very limited, hence their certitude.

Thus the greatest cultural transformation of Malays was started not by a committee or a commission of wise men, but by the seminal contribution of individuals like Datuk Onn and Tunku. It illustrates my point in the last part of Chapter 2 on the primacy of individuals in initiating significant changes in society. Qualitatively UMNO's formation was equivalent to Japan's Meiji Restoration, a positive cultural response to an external threat.

For those who belittle Datuk Onn's significant contributions, let me suggest a different scenario that would have been devastating for Malays and Malaysia. Imagine had the British flattered Datuk Onn by offering him the grand title of Earl of Malaysia, and with it a seat in the House of Lords. They did that earlier to the Malay sultans, offering them private audience at Buckingham Palace and exalted knighthood. It worked, just as it did with the Indian Maharajas. The Malay sultans were ready to sign the historic agreement to make Malaysia a dominion. Fortunately Datuk Onn, his anglophile leanings notwithstanding, did not fall for the trap. But not for lack of trying on the British part. He was after all *Sir Onn*!

The other enduring British legacy—a professional army—saw the nation through many a crisis, from the *konfrontasi* of the early 1960s and the 1969 race riot, to the constitutional crisis of the 1980s, and the

recent unrest over the Anwar affair. Through it all the military remained neutral and loyal to its elected civilian commanders. Malaysia has not fallen into the trap visited upon many previously colonized countries where the army is part of the problem. In Indonesia, the military is the only viable institution; unfortunately it squandered that unique trust by actively meddling in civilian matters. What was once a noble and highly regarded institution is now tarred with the rest. Indonesia's armed services are less the guardian of the nation but more a constant threat to its stability. Malaysia is fortunately spared such a fate.

When the British first mooted the idea of a native army shortly before World War II, there was considerable skepticism among the top brass on the fighting capability of Malays. The prevailing stereotype was that Malays were passive, carefree, and would not readily submit to the rigors of military discipline. When the first battalion of The Malay Regiment was formed there was considerable pessimism. But to the surprise of the British officers the experiment was a resounding success. Malays took to the military like ducks to water, and the Malay Regiment was quickly expanded. The Regiment was the last and most tenacious defender of Singapore against the Japanese onslaught. The unit was also exemplary during the later communist insurgency. Today that service has a deservedly fine reputation. The definitive treatise has yet to be written on this noble endeavor but when it is, I suggest that its success was also attributed to other rather mundane details. Let me elaborate.

During my youth it was the fantasy of my compatriots to join that regiment. What attracted them was not the warrior instinct or the noble patriotic zeal to defend the nation, rather the simple fact that the regiment had attractive military fatigues as well as a dashing traditional Malay costume of white *baju* and green *samping!* I remember these raw recruits returning to the village after boot camp; their uniforms would never leave them. They wore it everywhere. There was something in that spick and span uniform and polished boots that excited these

youngsters. And of course the colorful regimental *baju* and *samping* would swoon the local maidens. These more than anything else were what made the Malay Regiment a thundering success. Bored by their unstructured lives in the village and stuck in their sarong all day, these youths clamored at the chance to be disciplined and having a structured existence, and at the same time looking great.

This observation does not in any way detract or denigrate the strength of character and bravery of those Malay soldiers who put their lives on the line for love of their country. I salute every one of them. That a simple uniform could bring out the warrior instinct and discipline of young Malays is awe-inspiring.

I have always wondered why we do not capitalize on this trait. Many of the social problems of Malay youths today could be solved if we provide structured training and learning environment, complete with smart uniforms. America is experimenting with military schools for its inner cities and the programs work well, cutting down the discipline problems and dropout rates.

Malaysians, and Malays in particular, are attracted to and enamored with uniforms. Watch those department stores' salesgirls. Outside their uniforms they are just a bunch of giggly girls, but once in uniform they suddenly look and behave professionally! It is as if they have this need to declare their group solidarity and sense of belonging. Even ministers have their own official garbs, no doubt to differentiate themselves from the garden-variety politicians.

An independent judiciary is another prized British legacy. Any society will have conflicts; hence there must be reliable and fair mechanisms for resolving them in a civil manner without resorting to violence. The more complex the society, the more is the need for such mechanisms. It is not surprising that in America, the courts are such a prominent feature and lawyers a dominant force.

The tradition of excellence of the colonial justice system continued after independence. To its credit, Malaysia's early leaders understood the necessity for excellence in the judiciary and appointed only out-

standing individuals to the bench. The nation's first "native" chief justice, Tun Suffian Hashim, was the epitome of brilliance, integrity, and fairness. This was no happenstance. He was well prepared, having attended Cambridge and had wide experience in various fields. He not only maintained the British tradition of excellence and independence, but also elevated the judiciary to greater heights. His legacy is such that his many successors appeared greatly diminished by comparison.

This hard-gained reputation of the judiciary was compromised in the 1980s during the constitutional crisis over the role of the King. Tun Suffian's successors were not up to the task when the issue finally reached them for adjudication. Instead of being the ultimate and impartial arbiter of that dispute, the judges themselves were embroiled in it. That particular crisis saw the sacking of the chief justice, an unprecedented act by the political leadership. An independent reviewing tribunal comprised of eminent jurists from other Commonwealth countries reaffirmed the prime minister's action in firing that judge. More telling was the fate of the fired jurist. He subsequently dabbled in politics, perhaps unable to make a career of his legal experience, and was resoundingly rejected by the electors. He was defeated by, of all persons, an untried junior lawyer. This more than anything was reflective of the caliber of the man.

The third legacy of the British was the English fluency of Malaysians. Unfortunately instead of building on this great asset, the nation squandered it. Malaysian leaders succumbed to the small mindedness of the language nationalists who in their obsession with the Malay language threw away the nation's greatest asset: its citizens' proficiency in English. The "zero sum" mindset of the nationalists was simply this: for Malay language to survive, English must be squashed. The reality is that fluency in one language enhances fluency in another. Had the situation been handled more creatively, Malaysians today would have been fluent not only in English but also Malay. Instead today's young (especially Malays) are handicapped or trapped by their lack of English fluency.

Malays in their obsession with anti-colonialism forget that it was the British who romanized the Malay script. Previously it was written in the Arabic script, *jawi*. That simple move enabled the language to expand easily to accommodate modern scientific terms. The Roman script also gave Malay a readymade advantage in this computer age. Imagine the handicap languages like Arabic and Chinese have in adapting to the modern keyboard.

The British also imprinted on Malaysians the value of trade and free enterprise. Britain to be sure has not always embraced such sentiments. There was a time when mother England was enamored with socialism and bent on state ownership of the various means of production. All those socialists succeeded at were to take the "great" out of Great Britain. Fortunately, today's Labor Party under Tony Blair is a far cry from its former self.

Malaysian leaders, unlike those of many other colonies, do not subscribe to the fantasies of socialism. The first Prime Minister, Tunku Abdul Rahman, set the tone towards free enterprise very quickly. Had he not done so Malaysia's fate could have easily been like that of India—economically stagnant and inward looking.

When driving along Malaysia's modern highways, one is again reminded by another legacy of the British. Along the verdant countryside are rows and upon rows of neatly planted rubber trees. Seeing the ubiquity of these plantations one easily forgets that the specie was not native to the country but brought in by the British. Malaysia is now fighting a tough battle against synthetic rubber. I have long thought of a great commercial for natural rubber that would tap on the "Back to Nature" and the Green Earth movements. One half of the ad would show a typical American rubber factory, rusty with thick clouds spewing out its chimneys; another, a picture of a green bucolic rubber plantation in Malaysia. The caption on the first would be "Your rubber plant!" the second, "Our rubber plant!" The tag line would be, "Be Natural! Support the Natural Rubber Industry and Keep our Environment Green!" That would definitely sell.

Malays must also be thankful to the British for getting rid of some of the unsavory aspects of our culture. For one, the British abolished slavery and indentured labor. Even during my youth I heard stories of young men being conscripted by the palace over minor transgressions (usually for not being sufficiently deferential) to do manual labor and be royal gofers. Generations of Malay families have been indoctrinated to believe that their permanent place in the grand scheme of things is to be slaves of the nobility and royal class. Young village maidens who were generously endowed or for some reason caught the fancy of the sultans were similarly collected for the palace harem. To the affected family this was not necessarily a tragedy; on the contrary it was a splendid opportunity for the injection of royal genes into the family tree. Nobody however, bothered to query the maidens. Thanks to the British, those odious cultural practices are now long gone.

Not all however. The British perversely strengthened the Malay feudal system and values. Traditional Malay society was strictly stratified, based on one's heritage and birth. There was very little social mobility: once a peasant always a peasant. Traditional Malay society with its system of nobility and embellished titles was reminiscent of the British earls, lords and squires. So enamored were Malay leaders with the British aristocracy that the first item of business in the newly independent Malaysia was to have a system of civil honors and titles like Tun's, Tan Sri's, and Datuk's. Endless hours of top-level meetings were convened to deal with this presumably most pressing issue. Tunku Abdul Rahman apparently spent hours researching classical Malay literature to find just the right titles and honorifics. He was also reported to be involved personally in designing the fancy ministerial garbs and other official attires. All in an attempt to ape the elaborate gowns of British lords and dukes.

The modern world may be into globalization and with it the recognition and rewarding of merit, but Malay society is still stuck in its feudal ways of elaborate titles and emphasis on birth and heritage. The royal honors list keeps growing longer and longer every year. This is a

great liability, a barnacle that impedes the progress of Malays. Instead of seeing a lessening of these useless preoccupations, Malays are even more enamored with and consumed by them. Non-Malays too have become afflicted by this "Malay Malady," all aspiring to become members of the native aristocracy, Malay knights wannabees.

PLURALITY AS AN ASSET

Malaysians have always regarded their plural society as a liability. If only the nation were racially and culturally homogenous, many of its problems would be gone. Such wishful thinking! I argue the contrary. The racial plurality, far from being a liability, is actually an asset.

Malaysian policies and strategies are constantly being looked at and analyzed in racial terms. Often the implicit assumption is that what is good for Malays must necessarily be bad for non-Malays, and the reverse, what is good for non-Malays is bad for Malays. This mentality is ingrained at all levels. As noted earlier, Malaysia's racial plurality is another British legacy.

The country's multiracial society has indeed been a source of problems both past and present. In part this Malaysian dilemma results from socioeconomic divisions paralleling racial lines. This is not a uniquely Malaysian problem. With the massive migrations and arbitrary drawings of political boundaries in the last century, many countries have ethnically and culturally diverse populations. Today's headlines are filled with tragedies consequent to those diversities: the ethnic cleansing in the Balkans; the genocide of Rwanda; the continuing sectarian strife in Northern Ireland; and ethnic hostilities in Sri Lanka. Malaysia too had its share. Fortunately its race relations have improved considerably but occasionally there are flare-ups that rudely remind everyone that race can still be an incendiary issue. The most recent was the 2001 riot in Kampong Medan, a squalid suburb of Kuala Lumpur. The frightening aspect of that hostility was that it was triggered by a trivial neighborly dispute over a wedding that was held

on the same day as a funeral. Equally disappointing was the response of the authorities. For a long while they completely denied what was apparent to all: that the whole affair was racial. Belatedly the prime minister and his deputy admitted the obvious, but not until they had exhausted their credibility.

Handled creatively, Malaysia's plural society can be an asset. Malaysians are exposed daily to all the great traditions of Asia. Walk down any street and you will see a mosque, Chinese temple, Hindu shrine, and even a church. In any city block one can savor Asia's many culinary delights. Roadside stalls peddle Malay *sate*, Chinese noodles, and Indian curry. (And also lately, hot dog and hamburger stands!) There is a remarkable degree of racial integration in all spheres of social and economic life. When seeking medical care, buying stocks, or hiring a taxi, one is likely to encounter Malaysians of different races. What is truly remarkable about this is, unlike the integration in America where each minority group tries hard to blend into the mainstream, Malaysians proudly maintain their own racial and cultural identity. Unlike minorities elsewhere, the Chinese and Indians in Malaysia do not feel obligated or forced to assume a Malay identity or to change their names or manner of dressing.

In America by contrast, within a generation the children of immigrants would lose their identification with their parent's culture. German-Americans would anglicize their names and prefer roast beef to sauerkraut. My American-Chinese colleagues hardly celebrate Chinese New Year. In Thailand and Indonesia, the Chinese have to assume local names. Outward expressions of their cultural traditions are prohibited. By comparison, Chinese New Year and Deepavali are nowhere more exuberantly celebrated than in Malaysia. What is even more remarkable is that such ethnic displays do not evoke hostility among Malays. On the contrary, Malaysians join in to celebrate each other's festivities and enjoy the public holidays!

Left to their own devices the various races in Malaysia would by the nature of human dynamics continue to forge closer. It is only when

their leaders start to "champion" for their rights that they begin to view each other in terms of "us" versus "them." In this regard I am extremely concerned over recent tendencies among young Malaysians to segregate themselves racially. This does not bode well for the future. The authorities would do well to study the phenomenon and quickly ameliorate it.

Malaysians are already steeped in the ways of multiculturalism. Most are multilingual, especially non-Malays. Many Malays unfortunately are still trapped by inappropriate nationalistic instincts and remain handicapped by their monolingual capabilities. Malaysians are thus better prepared for the global world, having learned to live in, and tolerate or even celebrate the different cultures and lifestyles. When Malaysians travel abroad and encounter different customs and ways of doing things, they are not shocked or surprised. They are already used to these differences back home. In contrast Americans, used to the single cultural ways at home, react with horror when they see Vietnamese eating dog meat or Arabs segregating their women.

For Malays, the country's racial and religious plurality presents yet another advantage. The mere presence of a large number of non-Muslims is a check on the reach of the political ambitions of extremist Malay Muslim politicians. If not for these politically significant non-Muslims, Malays would by now be deeply split along religious lines in the pattern of Algeria and Iran. Fundamentalist Muslims cannot enforce their strict uncompromising code on the rest of the country because of the presence of large numbers of non-Muslims. Thus progressive and liberal Muslims are protected from the coercion of extremist Muslims. For this reason I have no fear of Malaysia ever turning into another Algeria or Iran. Sadly, moderate Muslims have yet to appreciate this very significant contribution of non-Muslims. Even PAS is fully aware of this new political reality of countervailing forces. It is softening its message to appeal to non-Muslims.

Contrary to prevailing opinions, I posit that the greatest threat to Malaysia's stability is not interracial but intra-communal, specifically

intra-Malay strife. Today's Malays are becoming dangerously polarized with a shrinking moderate center to serve as a conciliatory buffer. Absent this, the sizable non-Malay population serves this vital function.

There are three potential fault lines along which Malays could fracture: religious, ideological, and socioeconomic. It is unlikely that any one factor could precipitate a severe crisis, but a confluence of any two or all three could trigger violent eruptions. The protracted animosity between poor rural Kelantan (controlled by Islamic PAS) and the central government (led by secular UMNO) is a reflection of this dangerous confluence.

In my earlier book *The Malay Dilemma Revisited*, I explored in greater details these various fault lines that could potentially threaten Malay society: the religious disputes from early in the 20th century between young progressives (*Kaum Muda*) and their more conservative elders (*Kaum Tua*) to the more recent all consuming, totally unproductive, and highly divisive *kafir-megafirkan* (the righteous versus presumed infidels) debates of the 1980's; the ideological disputes between pro- and anti-royal elements of the 1980's that pitted the sultans against the executive branch; and the political conflicts between socialists and conservatives.

Malays are also increasingly strained along socioeconomic lines. Income disparity is widest among Malays. Vision 2020 reiterates much about an economically just society, and the nation has been remarkably successful in reducing the gross disparities between the races. There is, however, no comparable commitment to ameliorating inequities within Malay society. Unchecked they will continue to fester.

These squabbles among Malays—"fundamentalist" versus "moderate," urban versus rural, rich versus poor—cannot be lightly dismissed. Should they escalate, non-Malays would be forced by the sheer dynamics to take sides. And should they choose the wrong, that is, the losing side, the retributions then would be doubly vicious.

The nation's multiracial society can be harnessed to bring out the best of each community. Malays, seeing the industry of Chinese, cannot help but absorb some of that positive trait. Malays are indeed spurred by the competition from non-Malays to do better. Malays in Malaysia are much more competitive than those in Indonesia as a result of their exposure to significant non-Malay cultures.

Living abroad I meet many new Chinese from Taiwan, China, and elsewhere. Of these our Malaysian Chinese seem to meld readily in their new environment because they are used to living with non-Chinese in Malaysia. Prior to Hong Kong reverting to China, a number of its residents migrated to Canada. It did not take long for them to run afoul of Canada's zoning laws when they started building huge mansions with gaudy color schemes on a tiny city lot. They were used to that in Hong Kong and could not understand why their new Canadian neighbors would object.

This intersection of the different cultures can also result in the opposite, that is, it would bring out the worst prejudices on each side. During British rule when the various communities were effectively compartmentalized, whenever the various communities interacted, there would always be suspicion and deep distrust. Today with all Malaysians committed to the nation, there is a greater willingness to learn from and understand each other. Given such a milieu it tends to bring out the best in everyone. This is precisely the atmosphere in America. The Arabs and Jews may kill each other back in their homeland, but in America they are in business together. The Catholic and Protestants may be at each other's throat in Northern Ireland, but in America they are husband and wife. One of my colleagues is a Tamil happily married to a Singhalese. Back in Sri Lanka they would be slaughtering each other.

Americans are now recognizing the contributions of the various immigrant groups. Average Americans, especially those living in California and other states with sizable minorities, have a definite advantage over the British and Germans in this regard as they have been

exposed to and are familiar with cultures other than their own. Viewed in this light, Malaysia's multiracial society is a definite asset.

BLESS OUR GEOGRAPHY

Allah has been generous to Malaysia. Malaysians are reminded of this every time they read about natural disasters occurring elsewhere. There are no earthquakes, hurricanes, volcanic eruptions, or devastating floods. God has spared Malaysia such natural calamities. Then there is the climate; it is not visited by extremes of heat or cold. Whereas Californians have to pay to warm their houses in winter and cool them in summer, Malaysians are spared such expenses. And if Malaysians design their homes well with cross drafts and adequate natural ventilation, air conditioning would not be essential. It is only for comfort. In temperate zones heating a home is essential lest you freeze. Home designs in temperate zones must necessarily be more complex to cope with both winter and summer. Unlike Malaysians, they also need two sets of clothing.

Roads in temperate countries are subjected to extremes of temperatures and the consequent wide range of contraction and expansion. Thus maintenance costs are high. Malaysia is spared such added costs. Municipalities in cold countries spend substantial sums of money to keep their streets free of snow. In Malaysia construction occurs year round, except for brief interruptions during rainy season. I am always astounded at how fast buildings get built. In America outside work is curtailed during inclement weather and shorter winter days.

Apart from the climate, Malaysia is blessed with fertile soil and abundant natural resources. Its earth supports a variety of plants. We are a major producer of rubber, palm oil, cocoa, pepper, and hosts of other agricultural products. These are all renewable resources. The country's immense old world jungle contains a variety of valuable hardwoods. It is also a source of alkaloids and other natural products that have wide pharmaceutical applications. Carefully managed these

resources could last indefinitely; unscrupulously treated they will not only be destroyed but in turn create monumental environmental disasters. Soil erosion, flooding, and smog are just some of the horrors of less-than-wise treatment of the land. Malaysia is also blessed with deposits of valuable minerals and hydrocarbons. The old standby was tin, and just as its market dropped, the country discovered vast deposits of hydrocarbon. How blessed!

The country has vast stretches of beautiful beaches bathed by welcoming warm waters. These are prized tourist destinations. But compared to Hawaii or Cancun, Malaysia's tourist industry is not well developed. Hawaii caters for the large mainland domestic market as well as the equally lucrative Japanese market. Visitors to Hawaii can enjoy not only the beautiful warm beaches and sunshine but also partake in other attractions that have been well developed—cruises, golfing, and aquatic activities.

Cancun prides itself in being rationally planned. In the early 1970's the Mexican president assembled a group of professionals and asked them to design from scratch a tourist industry for what was then an impoverished fishing village. Using computer simulations they designed the entire region to cater for tourists from Europe, North America, and Latin America, all lucrative markets. They built a modern airport to accommodate jumbo jets that could fly the maximum distance. To ensure the pristine beaches and clear waters would not be polluted, they built modern central sewage and water treatment plants and instituted strict guidelines for coastal constructions. Today Cancun has hundreds of luxury hotels catering to millions of visitors annually. What was once a sleepy coastal village is now a world-class tourist destination. Like Hawaii, Cancun also offers many other attractions, in particular the nearby Mayan ruins. The hotels too offer a variety of options including timeshares and all-inclusive packages. Cancun is my favorite vacation destination as I can book everything with one phone call (or via the Internet). With one bill I can prepay for everything: hotel, food, airfare, and also the taxi to and from the airport! Maxi-

mum convenience. Non-Spanish speaking guests have no difficulty as most of the workers speak English. Besides, there are ample signs in English. Very convenient!

The tourist industry in Malaysia is still very much "work in progress." There must be a full scale and comprehensive plan *a la* Cancun; otherwise we would squander this wonderful potential. Already we are seeing what were once premier tourist sites like Penang and Port Dickson losing their appeal because of haphazard construction and poor planning. Their prime attractions—the fine beaches—are soiled by pollution. When I visit Port Dickson, I dare not dip my foot in the water as it is so polluted. The stench and the litter on the beach are something else.

Malaysia's strategic location between East and West should be leveraged to turn it into an aviation and maritime hub. Presently Singapore, only a couple hundred miles away, is capitalizing on this fortuitous geography. It is successful because of its superior services. If Malaysia can improve its services, given the markedly lower cost structure, it should be able to take business away from that republic. Already Johore's Port of Tanjung Pelepas is siphoning traffic away from Singapore because it offers comparable services at markedly reduced prices. Malaysia's Sepang airport could do likewise to Singapore's Changi.

The country's unchanging climate can be a liability. As one day merges into the next, there is no sense of urgency. It is easy to fall into the trap of continually postponing things and then suddenly, months and years have gone by. There is no tangible seasonal reminder of a deadline. As there are no obvious climatic changes to spur Malaysians to a preset timetable and deadline, these must be created artificially to avoid the *manana* (tomorrow) plea.

Lastly, it has been claimed that Malaysia's heat and humidity are not conducive to intellectual activities. At least that is the convenient excuse. If that were true it is easily remedied. Simply air-condition our

offices and colleges. Thus the only downside to Malaysia's climate is readily solvable.

BIG GOVERNMENT, BIG PROBLEMS

The remarkable achievement of the Reagan Revolution in America and Thatcher's in Britain is the recognition, long overdue, that government is not always the solution. In many instances, it *is* the problem. The most spectacular example of the failure of big government is the Soviet Empire. It collapsed not because it was defeated in war (although the West would like to claim that it won the Cold War) but because the Soviet state had been too massive and highly intrusive. Given the momentum of globalization, it would have imploded anyway. The only other major totalitarian government today is China; it survived because its leaders were smart enough to recognize the desperate need for change, and did it quickly. The 1989 Tiananmen Square uprising was a rude awakening for them. Today's Chinese communists are a far cry from their dogmatic Mao comrades. This difference is best encapsulated by Deng Xiapeng's celebrated slogan, "To get rich is glorious!" Deng was decidedly more pragmatic. He quoted a Chinese proverb to the effect that it matters not what color is the cat as long as it catches the mouse. The Chinese are now realizing that capitalist cats are more productive than communist ones.

The IT revolution makes it extremely difficult to maintain closed societies. Borders are now porous to news and information (and also increasingly also to trade). Saddam Hussein may tell his people that the outside world is crazy and that Iraq is heaven on earth, but they know otherwise. The only reason they publicly agree with him is because of fear.

Determining the optimal size of government for a nation is more problematic. In times of war or national emergency, a strong government is obviously essential. But in peace time there is no magic formula to determine the right size of government. Even determining

how big is big is an issue in itself. There are many ways of measuring the size of a government: the percentage of all workers it employs; the portion of the revenue needed to run it; and the size of its budget relative to the economy. By whatever criterion, the Malaysian government is way up there in size. Additionally the government is also a very dominant player in the economy, and in everyone's life.

It is important to distinguish between the size of government versus its power. A government may increase its size by employing more policemen to make the streets safer. That is rightly the responsibilities of the government. But if it uses those same policemen to harass its citizens for speaking out or to stifle dissent, than that would be increasing both its size and power. Earlier I noted Bank Negara employing hundreds of new employees, not to better monitor recalcitrant banks rather to check on the pockets of those entering and leaving Malaysia. Here the Bank had increased its size *and* power.

The more significant indicator is the attitude of the governed towards their government. This unfortunately cannot be readily quantified, but one can easily get a sense of it by reading the daily papers and gauging the attitude and activities of the citizens. In Russia, whenever there is a problem, be it food shortages or labor unrest, the people immediately look to the government for solutions. In America, the immediate response is to seek answers within the private sector. Only when that fails, as with the recent repeated lapses in airport security, would the government be called in; and then only reluctantly and with great trepidation.

In Malaysia whenever groups like the Bumiputra Chamber of Commerce or Peninsular Association of Malay Graduates meet, you can bet that their ensuing string of resolutions will all begin thus: "The government must do this and that." In contrast, when the Chinese Malaysians discuss setting up a university, all they asked was for the government to grant them the permit. The Russians' attitude towards government is the polar opposite to that of Americans; likewise the attitude of Malays different from non-Malays. Russia is backward while America is

advanced. In Malaysia the group that depends on the government is backward, those free of government are more advanced. There is a lesson here.

The Soviet Empire is now long gone and with it, central planning and grand Five Year Plans. But Malaysia is still enamored with both. As it enters the new millennium Malaysia proudly unveils its Eighth Five Year Plan. No doubt a century from now it will still be either introducing or reviewing its Umpteenth Malaysia Plan! If the country has not learned from the Soviets the futility of such plans, then surely the 1997 economic crisis should. That crisis made a shamble of those detailed planning and attendant endless hours of meetings.

The oppressive effects of big government are felt in many ways. Economists conceptualize the "crowding out" effect on credit and capital, that is, the government's large debt and need for capital would crowd or squeeze out funds or credit that would be available for private businesses. This negative impact on the economy is well known and has been empirically documented. The euphoria and giddiness on the state of the American economy (before the 9-11 terrorists' attacks, that is) was due to the success of the government in controlling spending and cutting deficits. President Clinton began his second term by declaring, "The era of big government is over!" With the public sector having to spend and borrow less, there was more money available for consumers and the private sector. Interest rates plummeted and consumer spending boomed. These are generally accepted and well-proven macroeconomic formula.

What is less appreciated is that this crowding out effect also applies to other areas, like talent and ideas. When government is the dominant employer, it sucks out talent that would have been available for the private sector. Thus deprived of able individuals, the private sector will stagnate. Tun Razak intuitively knew something about this. He was fully aware back in the 1950s and 60s that to Malays, the civil service was the dominant employer. Thus few were left for the private sector. This hobbled his policy of trying to increase Malay participation in

industry. To overcome this "crowding out" of Malay talent in the private sector, he introduced a scheme whereby civil servants could opt to retire early and not lose their pensions. Many bright and enterprising young civil servants took advantage of this liberal severance package and left to join the private sector. With their administrative experience and the security of their pension to fall back on, they proved to be capable and successful entrepreneurs and executives. They formed the initial nucleus of the burgeoning Malay business class. The political establishment too benefited from this injection of new talent.

The failure of the Soviet system is partly due to this crowding out of talent. With a huge government and massive military, its best and brightest were attracted to careers in the public sector or party. Only second-rate talents were left for industry. With the collapse of the government these talented individuals were stranded and left unemployed, as the rudimentary private sector was not able to absorb them.

In America on the other hand, the brightest students pursue private sector careers. It is this infusion of talent that explains the vigor of American industry.

During Tun Razak's time, the civil service attracted many top talents. It still had the leftover aura of its previous glory under the British. The civil service today however, is a very different beast. With strict quotas, promotions strictly from within, and little infusion of fresh talent especially at the upper levels, today's civil service is essentially a Malay institution and very insular. Recruits are almost exclusively local graduates. They have limited English proficiency and thus their reading (and consequently intellectual) horizons are limited, severely restricting their growth. Some senior civil servants may have higher qualifications, but few have experiences outside of government. In short, mediocrity is the norm in the public service.

A huge government staffed by the less-than-talented is a recipe for disaster. Every year we have examples of gross mismanagement. In response to the economic crisis of 1997, Mahathir announced a multi-billion-*ringgit* stimulus package to jumpstart the economy. But noth-

ing happened. Turns out that the money was bottled up in the recesses of the massive bureaucracy.

In Malaysia the government's powerful reach is extensive and affects everything and everybody. This was dramatically demonstrated to me recently. A bright Malay student on her own effort was accepted for graduate work at Cambridge University. She applied to a local university for funding under its academic training program, and was accepted. But to get that scholarship she had to be interviewed by the Public Service Department (PSD). Fair enough. Then she was told that because her TOEFL (a standardized English test) score was outdated she would not qualify, she would have to re-sit the test. Here she was, accepted by Cambridge and deemed qualified by the dean of a local university, but the bureaucrat at PSD had veto power over her. Never mind that she had graduated from a top American university (which was why she was accepted to Cambridge in the first place) and had aced the TOEFL years ago, but those facts did not persuade the esteemed civil servant. Fortunately she was tenacious enough to fight such inanities; but it took the personal intervention of the deputy prime minister no less to resolve the issue in her favor. Why should the deputy prime minister have to decide a simple matter like this? Is he not busy enough?

After the intervention of no less than the second top honcho in government, one would think that the problem would be solved and not recur. Far from it! Later, two of her colleagues were accepted to Boston's MIT. Unfortunately they, being "good, dutiful" Malays, meekly accepted the PSD decision and agreed to re-sit their TOEFL to be held later in the year. Fortunately for them, MIT was kind enough to grant a deferment. There is an unfortunate sad twist to the story. As a result of the 9-11 attacks, America is now restricting visas to Muslim countries. So there is no certainty they will be able to go to MIT when the PSD will finally approve their scholarship. So now we have two young bright Malays who are denied their full potential because of the pig-headedness of an obscure civil servant.

Ungku Aziz, the distinguished former Vice Chancellor of the University of Malaya, recounted his experience with a senior civil servant on expanding the campus library. The officer insisted that the university not waste money on acquiring new books until the lecturers had read all the existing books in the library. Imagine such mentality!

The late Tun Razak was so hamstrung by the rigidity and lack of imagination of civil servants that he started the various state corporations like Pernas and Petronas to bypass the hidebound bureaucracy. It was a brilliant strategy, but as these corporations expanded and retired civil servants were appointed to run them, they began acquiring all the characteristics of the civil service. Petronas, the national petroleum company, is widely regarded as the exception. While it has done many things right and performed better than many state owned companies including those owned by the various State Economic Development Corporations (SEDC), it is difficult to ascertain its true status or actual performance. Only recently Petronas was embroiled in a controversy in buying (some say bailing) out a failing shipping company owned by the son of Prime Minister Mahathir. Only time will prove whether that particular acquisition was a sound business decision. To put matters in perspective, Exxon and Royal Dutch Oil both have reserves, assets, and revenues considerably greater than Petronas, but you would not know that by the size and lavishness of Petronas headquarters.

Nothing gets done in many Third World countries precisely because their massive and intrusive governments get in the way of the people. With big governments come complicated rules and cumbersome regulations. Then you would need the assistance of "specialists" to help navigate the myriad and complicated ways. In the West their services are called lobbying; in the Third World, corruption. Either way they are a drag on efficiency and productivity.

The impact of corruption on investment is equivalent to the drag imposed by higher taxes. Thanks to globalization and the consequent free flow of information, corrupt practices in Malaysia are often first revealed abroad. The corruption of telecommunication contract was

first revealed in Japan when the authorities were investigating their own companies. Likewise the old Lockheed scandal involving the purchase of military jets was exposed through congressional hearings in Washington, DC. Earlier I alluded to the Bank Negara's foreign exchange debacle that prompted the Federal Reserve's public rebuke.

The perception (as well as the reality) of corruption in Malaysia is worsening, despite official protestations to the contrary. Malaysians are only too aware of the ubiquity of petty corruptions at lower levels and influence peddling among the upper ranks. The country's ranking in the Transparency International Perception Index has declined substantially in the last few years.

Governments are by nature inefficient. Suppose a government entity decides to allocate a million dollars to clean up the beaches. First there will be a series of meetings to select the head of the department and determine his or her status within the civil service hierarchy. Then there will be endless meetings to prepare the appropriate job description and "mission statement," and on deciding whether the directorship will be "superscale" or "timescale" position and the appropriate office space and parking slot! And of course the matter of the director's living quarters. Then there will be detailed specifications of the trucks and tender bids. Perhaps a year later and after spending nearly half the budget on such administrative trivia would the first garbage be picked up! If the project had been given to a private contractor right away, he would be out there the very next day with his own pickup truck to clean up the beaches.

The drag that the public sector imposes on the economy is also seen in America. As a surgeon in private practice I treat many patients under government-sponsored programs. Every month I would receive stacks of new regulations to comply. The regulatory requirements became so burdensome that I decided to opt out. Recently I was negotiating with a government agency for rental of a building I owned. It dragged on for nearly a year with endless meetings with the directors of various departments (finance, real estate, environment, etc.). Businessmen experi-

enced in dealing with the government factor in these added costs. It is not surprising that government agencies pay outrageously high prices.

To take a dramatic if not hilarious example, the 9-11 terrorists' attacks revealed the dangerous gaps in American intelligence. At an oversight congressional hearing, it was revealed that the intelligence agencies knew the suspects beforehand through various intercepts. Unfortunately the agencies did not have any Arab- or Afghan-speaking employees to translate the messages. This led Newt Gingrich, the former speaker of the House of Representatives and a vigorous advocate of small government, to testify that the FBI and CIA directors could have just hailed a taxi outside their offices and the first driver to arrive could probably translate for them!

America can afford such inefficiencies because one, its government is not large relative to the economy, and two, the private sector is vigorous and thus could readily accommodate such governmental inefficiencies without damaging the overall economy. In Third World countries where the private sector is poorly developed, a large and inefficient government would devastate the economy.

The best government is not that which governs least, as the saying would have it, rather one that restricts its activities to those that are properly under its purview. Some of these include the nation's defense, maintenance of law and order, and general public health. A government that dabbles in business, as Ibn Khaldun so wisely observed centuries ago, is doing a disservice both to itself as well to the nation and its citizens. A government big enough to give you everything, former President Gerald Ford once noted, is a government big enough to take from you everything you have. He meant by this is that government will end up taxing its citizens to death in order to provide all the services demanded by them. And this is the bane of socialist governments. To me however, the taking away in the form of taxes from the citizens is the least dangerous aspects of big government. More pernicious is that such a government would end up taking away the citizen's initiatives. That is the more devastating consequence. That worries me most

about the ever-increasing generousities of special privileges afforded to Bumiputras. This danger is further compounded by the fact that the costs of those bounties are disproportionately borne by non-Bumiputras. As Bumiputras do not bear the full costs and burden, they are more likely to demand more and more until they become full ward of the state. Then all initiative would be gone.

Ultimately the best form of government, as the German philosopher von Goethe noted, is that which teaches us to govern ourselves.

Examine the present Malaysian government. It is clearly involved in a multitude of unnecessary activities. Does the government do a better job in attracting tourists to justify a Ministry of Tourism? Similarly, I fail to see the justification for a ministry of information or one for sports, information and culture. Get rid of them. The most laughable ministry is that for entrepreneurial development. Do those bureaucrats really think that they could groom entrepreneurs? If they could they would have left government service a long time ago and started their own business!

When government controls the "means of production," we have socialism and communism. Less well known but just as destructive as this *structural* socialism, is the more subtle form of *functional* socialism, where the state exerts control over industry via various laws and regulations. With the appropriate government policy, even sand can be made scarce in Saudi Arabia! And in the name of social equity, even capitalist governments have undertaken massive redistribution of wealth from producers to takers. This institutionalization of the Robin Hood mentality, though well intentioned, generally results in the leveling down of wealth. The government is so consumed with redistributing wealth that it neglects the more important function of creating it in the first place. This is the blight of mature Western democracies.

A critical reappraisal on the proper role of government is badly needed in Malaysia. While many are quick to point to the failures of market, the more devastating shortcomings and oppressiveness of big

government are not well appreciated. I trust my fate more to the invisible hand of the free market than the strong arm of the government.

MALAYSIA'S DIGITAL DIVIDE

The digital divide (the lag in IT) is seen not only between Malaysia and the developed world but also within the nation itself: between Malays and non-Malays, rich and poor, and urban and rural. It is widening. This digital divide is also reflective of a more general technology gap. For Malaysians to benefit from globalization, they must not only be comfortable with these new technologies, and specifically IT, but also be able to master and make full use of their potential.

Technologies directly impact productivity. A generation ago it took 16 farmers to feed 100 Americans; today only 2 or 3, thanks to superior technology. One man can now effectively farm hundreds of acres by using combines and tractors. Similarly, with efficient fertilizers, pesticides, and improved seeds, the yields have increased tremendously. In transportation, the old DC propeller plane had a cockpit crew of three and carried only 20 passengers; today's modern 747 jet carries over 400 passengers with a cockpit crew of only two. In terms of passenger-miles per gallon of fuel consumed, it is more efficient than the old Volkswagen. Similarly with mechanization, one man with a truck picks up the garbage of my entire town. His truck has side mechanical arms that grasp the bins and flip over their contents into the truck. Tremendous productivity! In Malaysia, there are four or five workers per truck, and the cans are manually dumped. Rubber is tapped the same way with the same tool as a century ago. Likewise, oil palm is harvested in the same labor-intensive manner for the past 50 years. I would have thought they would have designed trucks with a mechanical cutting arm. When Malaysians do not want to work in such jobs, cheap labor was imported from Indonesia and Bangladesh. Had the import of unskilled labor been restricted, the agricultural sector would be forced to mechanize and be innovative.

The digital divide is best illustrated with statistics. Less than 10% of Malaysians have Internet access, compared to 30% in Hong Kong and Singapore, and over 50% in America. Many Malaysian schools lack computers. There was much excitement about wiring the entire school system but the economic crisis of 1997 put that on hold. A 2001 project to equip schools, especially rural ones, with computers ended up in a debacle. The contracts were awarded to incompetent vendors. Those contracts, like everything else in Malaysia, were dispensed as political favors. The contractors spent more time currying favors with the local UMNO functionaries rather than working to fulfill their commitments. In the end the students suffered.

It is fashionable for the authorities to blame the populace for being stubborn and unwilling to accept new technology. Truth is, once the usefulness of a technology is demonstrated, these villagers willingly embrace it. There are at least two demonstration projects to introduce IT to rural villagers. The E-Bario project in Kenawit, Sarawak, started by Dr. Roger Harris, is promising for a particular reason. He purposely chose the remotest area, inaccessible by road and shielded from the modern world by thick jungle and high mountains. He introduced computers equipped with wireless Internet connectivity to the tribesmen, and explained IT in terms readily understood by them. Thus e-mail was simply another way of sending messages like fax (a technology they are familiar with); and web video like television (again something familiar). They readily embraced the new technology, marveling at their new ability to e-mail their children studying outside their village. They were also able to market their special rice variety worldwide. And using software they downloaded for free, they were able to trace their genealogy and to connect with their tribesmen who have moved elsewhere, a project that reinforced their traditional values.

A similar project sponsored by the nongovernmental body SMASY (Smart Community) is equally promising. This one at Kampung Raja Musa in Peninsular Malaysia, unlike Kenawit, has supporting infrastructures. Again the villagers were taught computer lessons and

showed its multiple uses. As expected, both young and old readily accepted the new technology. Soon the youngsters were busy on the chat sites "talking" with fellow soccer fans worldwide. The elders were able to e-mail their grown up children who had moved out. Knowing how expensive long distance phone calls and postage stamps are, they readily see the immediate advantages of free e-mails.

These projects, like the Grameen Bank's program in Bangladesh, demonstrate that modern technology can be easily adapted to village folks. Similarly Cuba, a very poor country, has very advanced biotechnology industry. It is producing Hepatitis B vaccine using the latest biotechnology and techniques at the fraction of the American cost. Modern technology, in particular IT, has the potential to make those in the poorest part of the world leapfrog into the modern age. These successes prove the point made by the UNDP in its 2001 Human Development Report that the technology divide does not follow the income divide.

The Malaysian government should exploit this observation and do more to encourage IT generally and Internet usage in particular. It should encourage new Internet service providers to stimulate competition so prices would drop. Today charges for Internet access are prohibitive as customers have to pay both high subscriber fees as well as connection time. There should be affordable flat rates as in America to encourage wider usage. Indeed I would subsidize Internet use especially for rural areas.

Contrary to the leaders' perception, Malaysians readily embrace new technologies when they are presented in familiar terms. And if it can be shown that that technology could be used to enhance their cultural traditions (as with the Kenawit tribesmen) then it would be even more enthusiastically embraced. There was intense interest in the Internet during the 1999 election when opposition groups took to cyberspace to spread their messages. By doing that they were able to circumvent the government's strict censorship rules and prohibition against campaigning. I noticed that the government was less than enthusiastic in

pushing IT to the public following the opposition's stunning success in that election. As a result, today government leaders are singing a different tune. They are openly contemplating censoring and curbing this new medium. The only restraining factor is the government's fear of failure for its ambitious Multimedia Super Corridor (MSC) project. Before the 1999 election, Malaysian leaders considered the Internet a blessing; post-election with UMNO's thrashing, the web is now a curse! The mindset of Malaysian leaders is still this: If it does not support the existing power structure, then that technology is dangerous! These leaders' obsession with the Internet's power of breaking their monopoly on information and news severely handicaps their planning a rational policy on IT.

The MSC took off with much fanfare. Mahathir was even able to corral the giants of the industry, including Microsoft's Bill Gates, to be on his advisory board. Since that spectacular launching the project has been struggling. If only the government would put a fraction of the resources devoted to MSC into training Malaysians in IT and to wiring the schools and colleges, Malaysia would be much further ahead today. Part of the difficulty with MSC is that Malaysia lacks a critical mass of home grown talent. Besides, those few Malaysians who had the skills found that they could earn much more abroad and work in a much more supportive environment.

The problem with IT in Malaysia is not with the populace, rather the political leadership. They are ambivalent because they see (rightly) that IT is undermining their control on the citizens. Malaysian leaders should instead look upon the new technology as means of empowering, not controlling, the people. Unfortunately it is difficult to disabuse current Malaysian leaders of their ingrained "control freak" mentality.

THE BARNACLES OF SPECIAL PRIVILEGES

Malaysia's affirmative action programs can be viewed in one of two ways. One, they were designed to ameliorate the deteriorating socio-

economic status of Bumiputras, and two, they are part and parcel of the inherent rights of Bumiputras consequent to their being the indigenous people of the country. With the first, the primary objective is to enhance Bumiputras' competitiveness so they could compete effectively not only with non-Bumiputras but also the rest of the world. The program's effectiveness could thus be objectively evaluated by this ready criterion. The second premise is essentially the privilege of heritage. It is a right. There is nothing to assess; the program would be permanent. Whether such privileges are boon or bane depends on how they are administered and on the recipients. Native American Indians have many privileges not afforded to ordinary Americans (sovereignty of their reservations, free education, tax free status, etc.), but they still remain far behind. They have become essentially ward of the state; their initiative and industry sucked dry out of them.

Non-Bumiputras regard such preferential policies as quotas favoring Bumiputras for university admissions and government jobs as acts of discrimination. I disagree. There is a qualitative difference between active discrimination and affirmative action. For without affirmative policies favoring the disadvantaged, they will continue to be left behind. There cannot be social harmony if a significant segment of the population feel disenfranchised and marginalized, in perception or reality.

America has remarkably peaceful race relations because members of the minority feel that they are included in the American dream. Blacks today feel less threatened even though they are disproportionately over represented in the underclass because there are enough of them in the corporate offices, professional suites, and legislative bodies to give hope for the rest. That has not always been the case. There was a time when young Blacks aspired to be members of the Black Panthers and other rebellious movements because they felt that the American dream was beyond their reach. Today's young Blacks however, are busy working hard to excel in sports, politics, and entertainment because that is

where the rewards are. Nobody cares about the Black Panthers anymore, least of all young Blacks.

In contrast, the Philippines (a nation that unabashedly apes everything American) experiences considerable difficulty with its Muslim minority. Muslims constitute about 15% of its population, comparable to Blacks in America. While there are many Black American cabinet members and ambassadors, there are no Filipino Muslims in comparable positions in Filipino political life. No wonder that country has continuing secessionist problems with its predominantly Muslim provinces. Sadly, this obvious observation has yet to dawn on even the most enlightened Filipino leaders.

Likewise in Northern Ireland; the Catholic minority feels shunted. They are not being adequately represented in the political and social elite. It matters not whether those perceptions are real or not. Until the Catholics are made to feel as if they have as much chance as an Orangeman, there will never be peace. Catholics in America on the other hand bear no particular animus on the Protestants. Both groups have an equal shot at the American dream.

It is not enough to just say give the disadvantage equal opportunities to succeed. While we cannot and should not guarantee equal results, nonetheless we must make sure that the results must also be seen to be comparable. Continually complaining that the disadvantaged have been given ample opportunities is not enough if that is not reflected in the subsequent results. For if the results are not there, then we must reexamine our premises to make sure that the opportunities are indeed equal and that there are no subtle obstacles. We must be mindful that opportunities may not be viewed as such by the disadvantaged. America has the ABC (A Better Choice) program started by generous philanthropists whereby bright Black students from the ghetto are given scholarships to attend exclusive boarding schools. For the most part it has been remarkably successful, but there are failures. To some, the chance to go to Exeter is viewed not as an opportunity but a huge cultural barrier.

I am reminded of the days of British rule when they kept harping on that everyone was treated equally. They claimed that educational opportunities were equal and that their schools were open to all. In truth the opportunities were never the same. Those schools were in major towns while Malays were in rural areas. Malays attending those schools incurred significant additional expenses not faced by city pupils. For example, my parents' biggest single item of school expenditure was for bus fares. Town children were spared such costs. Thus when opportunities are apparently equal and the results are not, then we should reexamine the premise to ensure that the equality in opportunities is indeed real and not illusory.

The American jurist Felix Frankfurter once wrote, "It is a wise man who said that there is no greater inequality than the equal treatment of unequals." The British should have been cognizant of this barrier faced by rural Malay students and provided free bus transportation, just like they do in America. Only then could they claim that the opportunities were equal. Indeed in Islam, the emphasis is not on equality, rather on justice. If the current debate on special privileges were framed along the question of justice and not equality, we would elevate considerably the quality of such discourses and at the same time lessen the animosities generated. More importantly, such approaches would lead to enhancement of the program.

We must also be mindful of the reverse. That is, the "help" given by government can sometimes be more of a hindrance. In the American west when someone says, "I am from the government, and I am here to help you!" the farmers and ranchers would flee to the hills, their hands tight on their wallets. Much of what passes for government "help" in Malaysia is nothing more than numbing narcotics to ease the pain of Bumiputras. Those schemes do not prepare them for the global realities; instead they insulate them. Malay entrepreneurs "helped" by the government still remained hopelessly dependent on the dole decades later.

After a generation of special privileges, I am convinced that they are now more hindrance than help. If current programs are not modified, they will remain as barnacles, impeding the progress of Malays and other Bumiputras. These privileges will suck out the life and initiative out of Bumiputras. Ending special privileges is not a political reality. Besides, it would be too socially disruptive. Doing so would only distract the nation away from development and into endless divisive debates.

Instead the emphasis should be to use special privileges To enhance Bumiputras' competitiveness. By doing so we would be better able to track the program's efficacy or lack thereof.

To enhance the efficacy of special privileges I would first focus on the bottom 50% (better still, 25%) of Bumiputras. I agree with Grameen Bank's Muhammad Yunus who feels that development should be defined to mean positive changes in the economic status of the bottom half of the population. Consequently I would cut off the top quartile Bumiputras (or those with certain net worth or income) from special privileges. Such a modification would effectively target special privileges on truly needy Bumiputras. At the same time it would reduce the resentment felt by non-Bumiputras. Disqualifying ministers, top leaders, royal families, and affluent Bumiputras would also have the additional salutary effect of forcing them to be self-reliant. Additionally for the royal class, I would eliminate many of their present tax-free privileges. Make them pay their share of income, property, and road taxes. If Britain's Queen Elizabeth has to pay income tax, Malaysian sultans should also do likewise. The impact of such measures on the Treasury would be minuscule, but the psychological benefits to members of the royalty would be immense. For one, they would share in the pain suffered by ordinary citizens, always a salutary experience. For another, if they had to pay their share of taxes on their luxurious toys, that would likely rein in their obscenely flamboyant lifestyles. Malaysia should not have to put up with such nonsense as when the Sultan of Kelantan drove off with his impounded luxury

sports car without paying the necessary taxes. Lastly, seeing families of leaders, royalty, and aristocrats being kicked off the dole would appease immensely the social sensibility and sense of justice of ordinary Malaysians.

At the very least that would eliminate the current hypocrisy where many of these leaders would with nauseating frequency exhort the masses to be *berdikari* (self reliant) while they and their families are the first to hog the public trough. I am astounded at how many members of the immediate families of ministers are getting government scholarships, aids, subsidies, or otherwise dependent on public dole. They have no shame. If they cannot be independent on their minister's income then they have no right to lecture the masses.

The government can still effectively help Bumiputras without special privileges. If it announces a program to help rural dwellers and members of the civil service, police, and military, the beneficiaries would in all likelihood be Bumiputras. We would have achieved the same goal yet such a program would not reek of racism. Additionally, doing so would also encourage non-Bumiputras to join the police and armed services.

Current special privileges are ineffective because they lump all Bumiputras together. As Muhammad Yunus observes, "Like the good old Gresham Law, it is wise to remember in the world of development, if one mixes the poor and the non poor within a program, the non poor will always push out the poor, and the less poor will drive out the more poor, and this may continue *ad infinitum* unless one takes protective measures right at the beginning." Gresham Law is an observation in economics where if two coins are of equal value officially but unequal in intrinsic value, then the one with the lesser intrinsic value will remain in circulation while the more valuable one will be hoarded. Or more succinctly stated, bad money drives good money out. More generally, this means inferior practices will eventually displace superior ones. This is happening to special privileges. Initially it was meant to help Malays who were deserving of help, now the program helps those

who already have it. In the west they say of such practices, "Dem dat has, gits!"

I would also radically change the present special privileges programs in the following manner. First I would total up all the costs of the program for the preceding ten years. This would include not only the direct expenditures in terms of scholarships, grants, aids, etc., but also the indirect costs (subsidies on various state corporations as well as the added costs of having public contracts reserved for Bumiputras). Included also would be the costs of bailing out the Tajuddin Ramlis and Halim Saads (Malay corporate figures). Then I would adjust the total to the 2001 ringgit. Obviously a 1991 ringgit was worth considerably more than a 2001 one. I would not be surprised to find the total to be truly staggering if the accountants are competent and factor in all the costs.

Assume that figure to be RM X billion. Next I would calculate the rate of inflation and population growth for the past decade and extrapolate the same rates for the next decade. This would roughly be 4% and 3% respectively per annum. Now factor the same rates for the next decade and apply them to X. That figure would now be about RM 2X billion, according to my rough calculation (X growing at a compounded rate of 7% per annum). This is the amount that we would be spending in the next decade, assuming the same rate of inflation and population growth.

Now here is the radical part of my plan. Instead of using the money to create phony Bumiputra "businessmen" and "entrepreneurs" or bailing out the likes of Bank Bumiputra, I would spent them on rural schools, kampongs, and poor Bumiputras (the bottom half). I would rebuild rural schools so that they would be air-conditioned and have first class libraries, laboratories, and computers. I would provide the children with nutritious breakfasts and lunches. Like Tun Razak in the 1970s, I would use the money to bring in by the planeloads, competent science, mathematics, and English teachers from abroad to teach in these schools.

I would give zero or even negative interest rate loans for rural people to improve their dwellings where they could have indoor plumbing and septic tanks. I prefer such loans to outright grants. One, that would teach citizens on the handling of credit. Two, grants tend to foster dependency. With loans the recipients are not made to feel or treated as wards of the state. There is an element of self-dignity there. Use negative interest loans to start a massive rural development program similar to that which General Park had in South Korea. I would use the funds to provide extensive rural electrification program comparable to the Tennessee Valley Authority, with subsidized utilities for the villagers.

I would have Proton (the national car company) start a national tractor project to build cheap reliable machines Malaysian farmers could afford, again using negative interest rate loans to help them buy those machines. I would also have the same loan programs for rural dwellers to start their own businesses. For example, fishmongers and fried banana sellers should have subsidized loans so they could buy their ingredients in bulk and at a discount. But instead of giving them the money directly, I would negotiate on their behalf the best deals from the vendors. I would do the same for the Sunday market hawkers to buy pushcarts and small trucks to haul their wares. I would do this for other merchants so they could expand their businesses and inventories.

I would also set aside special funds for students now taking vocational studies like auto mechanic and cosmetology to start their own businesses. Before doing that I would supplement their training by giving elementary business lessons. I would suggest to Petronas that its petroleum station franchises be given to trained auto mechanics. Such a program would also expand the capabilities and thus revenue stream of many Petronas stations to include the more lucrative repair business. With such a program more Malays would be enticed to take up vocational training.

What I would definitely *not* do is lend them money for their children's wedding or trip to Mecca. These subsidized loans must be for productive purposes, that is, for income-producing activities. Car loans would only for those who intend to purchase their own taxis or use the vehicles for commercial purposes. With such a scheme, all Malay taxi and truck drivers would own their vehicle.

As an incentive to keep their children in school and to pay attention to their education, I would pay rural and poor parents as well as their children for attending schools. This idea was mooted by the Nobel laureate in Economics Gary Becker, an expert on human capital, and has been successfully tried in Latin America. I would go further and reward students (and their parents) who had perfect attendance or scored above the 80th percentile in national examinations.

At the apex, I will automatically award any Malay who gets accepted to top universities, with no bonds whatsoever—reward for their excellence.

What I would *not* do is spent the money on buying company shares in trust for Bumiputras or bailing out Bumiputra corporations. Indeed I would sell MAS, Pernas, Petronas and other 'Nases and use the proceeds in the manner described.

At the end of the decade in 2010, I would compare the results of my program to what we have today. I am certain that Malaysia would be much further ahead. So would Malays.

There is an art in helping people. Properly done we help them achieve their maximal potential; poorly executed and they become hopelessly dependent. Increasingly, special privileges are turning Bumiputras into hopeless dependents of the state.

In a globalized world Bumiputras will not be competing against non-Bumiputras in the protected sphere of Malaysia, rather all Malaysians will be challenged against the rest of the world. We should go beyond seeing special privileges in terms of Bumiputra/non-Bumiputra dynamics. Otherwise the policy will serve only as a barnacle not only on the country but also more specifically, on Bumiputras.

The more important goal is to make all Malaysians, Bumiputras especially, competitive. In the next chapter I will amplify on the specifics of this issue.

7

Enhancing Human Capital

.....
People are the real wealth of nations.

—UNDP Human Development Report 2001

One surprising observation following the American stock market meltdown of October 1987 was that there was very little change in the behavior of American consumers. The Dow Jones Index may have dropped by over 40% but stockbrokers and their clients did not jump off the skyscrapers on Wall Street. Citizens did not hoard food or withdraw their savings as they would when faced with major uncertainties. Nor did they withhold spending in anticipation of tough times. To be sure the sales of luxury cars and yachts were dampened, but by and large there were minimal changes in the economic behavior of Americans. Citizens' reactions in Malaysia to the much more severe economic crisis of 1997 were also similar to the Americans'. But in marked contrast in nearby Indonesia, the nation was nearly ripped apart.

The reason for such a wide difference in reaction is that for a modern nation like America and Malaysia, wealth resides less in such tangible assets as stocks, real estate, or material goods but more with its human capital. Stocks may plummet and real estate slump, but engineers can still build, doctors heal, and architects design. These precious skills and assets are not lost or affected by fluctuations in the market.

Indeed the most important asset of a nation is its human capital; not its fancy infrastructures, gleaming skyscrapers, or national airline. This wealth consists of the present and future earnings as a result of education, training, knowledge, skills, and health of the citizens. Because of this dominance of human capital in the aggregate wealth of a nation, large changes in the value of the stock market, currency value, and other physical assets will not greatly influence the behavior of citizens.

The quality, and thus value, of the human capital can be assessed in many ways. Intuitively one can be easily persuaded that workers in Silicon Valley, California, are of higher quality than those of Papua New Guinea. The former, being well educated and highly skilled, produce premium goods and services. Consequently they are well paid and highly valued.

The most interesting aspect is that humans are either assets or they are by default, liabilities. They either contribute to or are a drain on the economy. There is no neutral zone. If they are productive, the country benefits in two ways. One, they contribute to the economy, and two, the state would not be expending resources on them. Non-producers not only do not contribute but the state has to expend resources on them. Non-producers come in many forms: criminals, drug addicts, the sick and disabled, and the unskilled. Criminals are not only destructive to society as a consequent of their criminal activities but they also cost a bundle to prosecute and incarcerate. Drug addicts consume resources in terms of their medical care, and they do not give back anything to society. In Western societies with their generous social safety net, unemployed workers not only do not contribute to the country's coffer, but the state has to pay them unemployment, welfare, and other benefits.

America has elaborate programs to train the mentally challenged through special education and sheltered workshops, all in an attempt to turn them into productive citizens. Visitors to America may consider such expenditures wasteful, but it is not. Even if these handicapped workers end up doing the simplest menial job, they are still

contributing and more importantly, no longer a drain on the system. These individuals work in special environments outside the usual rules and demands of the normal workplace. They perform simple jobs like packaging toys and non-demanding assembly work. Even considering such programs from the humane point of view, it is still a worthwhile investment. One needs only look at the faces of these individuals in their sheltered workshops to appreciate how happy they are to be useful and productive.

Granted, the opportunity costs of such intensive training are high. In a country with limited resources, it would make more sense to spend them on educating the best and brightest. But when you do have the extra funds, as in America, the money used to train these "slow" workers is indeed well spent, a true investment.

I will illustrate the value of a well-trained workforce by relating three anecdotes.

When working in Malaysia, I used to complain about the poor quality of my clerical staff. Having worked in the West, the difference was glaring. I was lamenting this to my father one day but he was not impressed. "What is there to answering the phone?" he sniffed. "When it rings, pick it up and speak to the mouthpiece. What specialized training do you need? Really!"

Many Malaysians share exactly that attitude. Such low-level jobs, they believe, do not need any training. But there is much more to answering the phone than merely picking it up. Far too often my Malaysian secretary would simply respond, "Dr. Musa is not in the office." End of conversation! Well, if she simply ignored the ring, then the caller would indeed know that I am not in. There is no need to pay someone to say the obvious. My secretary did not add any value.

In contrast, my efficient American secretary would answer differently. In a clear voice she would first identify herself and the office: "Dr. Musa's Morgan Hill office. Vicky speaking, may I help you?" Short yet informative. If the caller had mistakenly dialed my office instead of the pizza place, he or she would know immediately. And if I

were not in, she would not just simply state that fact. She would add, "He is in surgery and not expected in until 3 PM. May I help you?" If the caller is someone important, such as a doctor wanting to refer a patient, she would add, "I can have him call you right away." Then she would page me and I would call that referring doctor. In that way I would not lose any potential referral. My secretary knows only too well that her job depends on whether I have patients. Hence she would treat every phone call as coming from a potential customer. She cannot afford to simply dismiss it by saying, "The doctor is not in!"

Unfortunately the typical phone conversation in a Malaysian office goes something like this:

Caller: "Hello! Huh! Hello!"

Secretary: "Hello! Huh, who is this?"

Caller: "Huh, who is this? Is Abdul there?"

Secretary: "Abdul who?"

"Is this the right number?"

"What number do you want?"

"849 0338"

"Yes, you got that"

"Is Abdul Aziz, your purchasing officer, in?"

After a long nonproductive preamble, comes the answer, "Aziz is not in!"

Minutes were consumed and yet no useful information was communicated. As to Abdul's whereabouts, you would not dare start on another game of 20 questions! Even to relate this typical phone conversation took valuable space from my page. Imagine the wasted time and unnecessary aggravation! And that is assuming you have the right number in the first place. If you do not, you have to start the whole darn process all over again.

Back to my father, he could hardly contain himself when I remarked that my wife teaches just that sort of much-needed telephone skills in

her business class. Companies send their employees to such classes to learn effective communication skills. The person answering the phone is not simply mechanically doing it, for if she is doing her job well, she will be providing a valuable service. She gives the first impression a customer would have of that establishment. She is an advertising agent, a salesperson, and an information resource for that office. That is why my secretary gets paid well while her Malaysian counterpart earns minimum wage. Further as my secretary in Malaysia was a civil service employee, she was not answerable to me. Thus she could afford to blithely ignore my suggestion that she improved her skills.

Robert Townsend, the former CEO of Avis Rent-A-Car, relates in his book *Up the Organization* how whenever he was on a road trip he used to phone his headquarters and also the local franchise pretending to be a potential customer. That was the best way for him to get a pulse of his company and also to experience what a potential client would have to endure. Under his leadership Avis lived up to its advertising jingle, "We Are Number Two! We Try Harder!"

Many companies now use voice mail. Phone calls are mechanically answered thus, "ABC Corporation...Your call is important to us...Press one for sales, two for repairs...." To me, voice mail is irritating and offensive. I do not use it and I stay away from businesses using such devices. If they think that my call is important, then they should put their money where their mouth is—have a real person answer my call.

The second anecdote concerns an airport trip in Atlanta my wife and I took after a medical convention. On discovering that a limousine was only slightly more expensive than a taxi, we decided to go in style. We stepped into this luxurious limousine, with the driver in tuxedo no less, dutifully opening the door and helping us in. I felt like a celebrity, or perhaps a sultan. The driver inquired of our flight and he immediately phoned ahead to find its status. As the flight was going to be delayed, he suggested we take the scenic country road. Normally he would charge extra for such a detour but since he would be saving gas

by not getting stuck on the freeway at peak commuting time, he would dispense with it. Delighted, we cheered him on. He also welcomed us to some complimentary beverages and fresh fruits from his small fridge. We felt vindicated; the extra cost more than compensated by the freebies!

The driver too was very informative. We toured some of the stately mansions around the city with him giving us a running commentary on the history. We felt as if we were being taken through the Civil War, tracing the destructive path General Sherman took. It turned out that our driver was a history major at the local university. The point is, he was more than just a driver. Because of his education he was an informative tour guide and a history lecturer to boot! He added value to a routine airport trip, and we tipped him accordingly.

Contrast that with our experience recently at Malaysia's spanking new multibillion-dollar Sepang airport. First, the "limousine" was nothing more than a fancy taxi. Second, the poor driver spoke not a word of English (imagine serving an international airport!) and only a smattering of Malay. As we had not been to Malaysia for sometime, we were suitably impressed first with the airport and then with the gleaming new freeways and all the new constructions. But for every question we asked, we received a grunting, "*Tak tau*" (Don't know). And when we reached our hotel, because of the lineup at the entrance, he tried to drop us by the curb. After we protested, he reluctantly drove us up to the lobby. He never so much as got out of his seat to help us. And this character expected a tip from us! Unlike my Atlanta driver, this Malaysian was probably a school dropout.

My last example is from Japan, a country famed for producing top quality goods. One of the reasons is that Japanese workers are highly trained and well educated. They all have at least a high school education. William Deming, the American quality control guru, was revered there for his work on statistical quality control. He wrote about a factory that tried very hard to improve the already high quality of its products. But it reached a plateau. Try as the workers might, they

could not better their figures. One day one of the workers noted the machines were shaking from the rolling of a nearby freight train. She immediately sensed the significance and intuited the cause of the factory's product defects. Sure enough, on further analysis she found that statistically, goods produced on days the train was not running had a lower rejection rate. Supported by this finding the company decided to build a deep moat around the factory to shield it from the train's vibrations. It worked, further dropping the already low rejection rate of the factory's products.

If factory workers were merely simpletons working like robots, the significance of the train would have been missed. Again this proves the importance of education and training even for factory workers. Training and education alone are not enough by themselves. Workers in authoritarian countries may be equally well educated and highly trained, but because of their environment of repression and tight control, it is unlikely for them even if they were aware of the problem to even think of alerting their superiors.

These three anecdotes give a qualitative sense to the differences in the caliber of the workforce in different countries. The UN Development Program (UNDP) has created its Human Development Index (HDI) to quantify these differences. The HDI is actually a measure of the quality of the populace and thus indirectly, the workforce. Marked variations occur not only between but also within nations. The UNDP used a variety of measures to assess HDI, among them health indices, literacy rate, percentage of students completing high school, and per capita income.

According to the 2001 Index, Norway leads the way with United States, sixth. At the bottom are the three African states of Burundi, Niger, and Sierra Leone. Malaysia stands at 56 (it was 61 in 2000, and 56 way back in 1999). We are right behind Russia but ahead of Bulgaria. The three model states I discussed earlier stand at: South Korea, 15; Ireland, 18; and Argentina, 34. Our ASEAN neighbors are headed

by Singapore at 26; Brunei, 32; while Thailand, Philippines, and Indonesia rank respectively at 60, 70 and 102.

Within Malaysia I would anticipate significant differences between regions, sexes, and most significantly from the political viewpoint, between Bumiputras and non-Bumiputras. As an aside, because of the sensitive issue of race in Malaysia, it is important that we appreciate the nuances and differences in these figures and be cautious in attributing the differences purely to race. Apparent differences in the school drop-out rates between Malays and non-Malays for example, may not be due to race, rather to urban and rural factors. Until we can sharpen our statistical analysis, we should not be quick to attribute differences purely to race.

Another equally important factor is how the nation treats its talented and gifted. Every year we read in the popular press about students, usually non-Bumiputras, who have done well in their public examinations, only to be denied admission into Malaysian universities. A lucky few would be offered scholarships by foreign entities. Not surprisingly these individuals rarely return, their talent forever lost to the country. Nor is the treatment of bright young Bumiputras any better. It is widely acknowledged that Petronas scholars are among the best. Having met many of them, I agree. I congratulate Petronas for its ability to attract these promising young Malaysians. But when I meet these students I am struck that many of them are pursuing a field of study that is not their first choice or even one they really like. They simply accept the scholarship because that is the only way to get their studies funded. I wonder at the missed opportunities and unfulfilled dreams had these students been given the freedom to choose their own courses.

Malaysia has considered development mainly in physical terms—factories, roads, ports and airports. A more enduring and effective strategy would be to improve the nation's greatest asset: its people. Enhancing the quality of the citizens, quite apart from being the "right thing" to do, would also better prepare the nation to meet the challenges of globalization.

THROUGH BETTER HEALTH

Good health is good for the economy. A National Bureau of Economic Research (NBER) paper showed that a one-year improvement in a country's life expectancy (an index of health) contributes to a 4% increase in its economic output, and that good health has a greater impact on the economy than work experience or years of schooling.

The World Health Organization's (WHO) Commission on Macroeconomics and Health (CMH) in a report chaired by Harvard's Jeffrey Sachs reaffirms the powerful link between health, poverty reduction, and economic growth. The report challenges the traditional argument that health of the citizens will automatically improve as the result of economic growth. Indeed the opposite is true; improved health is a critical requirement for economic development in poor countries. Spending relatively small sums of money on basic public health measures and perinatal and maternal care yields considerable returns in terms of increased economic output through improved health and productivity of the citizens. This alone justifies such expenditures quite apart from the humanitarian arguments.

The diseases that have such a crippling impact on human productivity and economic growth are the common infectious diseases that have been successfully eradicated in modern societies. The exception is HIV/AIDS. The others (gastroenteritis, tuberculosis, malaria, dengue, and measles) can be easily prevented through simple and cheap public health intervention. Cuba is an outstanding example of what can be achieved with meager resources. Cubans have much better health indices and are much healthier than citizens of many wealthy countries because that nation rightly emphasizes community health. Even diseases like HIV/AIDS that are terribly expensive to treat are amenable to cost-effective preventive public health measures. San Francisco leads the world in introducing innovative and non-intrusive measures that have significantly reduced the number of new HIV/AIDS cases

through such measures as effective sex education, wider availability of condoms, and clean needle exchange programs.

Sach's report is based on studies of some of the poorest countries. His findings cannot however, be extrapolated to advanced nations. In America the concern is the opposite, that is, escalating health care costs are crippling the economy. America now spends close to 14% (and rising rapidly) of its GDP on medical care, with no corresponding improvement in its health indices. The current consuming effort in America is how to rein in the costs of medical care. Beyond a certain point there is little advantage of pouring more money into health care. I fail to see the benefits to society of expanding resources to enable an 80-year-old for example, to get a heart transplant or expensive chemotherapy.

A word of caution: we need to discern what is cause and what is effect. Certainly if one is economically well off one can afford good nutrition, adequate housing, and modern medical care; these contribute immensely to good health and increased longevity. Thus good health may be the *consequence* rather than the *cause* of economic growth. Nonetheless one can also intuitively agree that a population that is sick and malnourished will not be very productive.

Contrary to widespread belief, the truly effective medical interventions are cheap, safe, and relatively simple. The lowly eyeglasses greatly extend the productive and quality of life of everyone. Work-rule modifications such as using safety harnesses and protective gear save many workers' lives and limbs. At American construction sites, everyone wears hard hats, including visitors. Roadside workers wear reflective yellow attires for easy visibility. Stringent adherence to work-rule safety, reinforced by hefty fines for those not complying, has made the American workplace remarkably safe and healthy.

The impact of health on productivity is not generally appreciated because it is hidden. When someone is incapacitated or unhealthy, one simply considers that to be part of the normal rhythm of life. He is sick or injured and cannot work, and that's it. But we never consider the

lost opportunity of that individual's talent. To concretize my argument, consider this. If Mahathir had not had his life-saving heart surgery in 1989, imagine the loss of his considerable subsequent contributions. Similarly, had the late Tun Razak's leukemia have been detected earlier and been effectively treated, no telling the wonders he would have performed for the nation.

When the great singer and composer P. Ramlee died at the peak of his career (also of heart attack), few wondered of the songs that would not be written, music not composed, and movies not shot. But we all fondly remember his great songs. The gifted entertainer Sudirman, taken away in the prime of his youth, was similarly an incomparable loss. Imagine the flowering of his enormous talent had he lived longer. Muslims in particular, because of our fatalism, do not dwell on such matters. We consider death the will of Allah. Yes, Allah may decide when our time will be up but that does not mean we should not take care of our health, vaccinate our children, and drive carefully. As our prophet (pbuh) so wisely observed, yes, trust in Allah but first tie up you camel before you retire for the night.

Investments in preventive and public health give the highest returns relative to the cost. Adequate maternal and perinatal cares greatly reduce both infant and maternal mortalities, and can be delivered cheaply with minimal advanced technology or expertise. Vaccinating all children, for example, would pay dividends far in excess of the costs. The cumulative cost of treating one polio patient would pay for the vaccination of millions.

There are other simple public health measures that would also greatly improve citizens' health. The provision of potable water and adequate sewer system would greatly reduce many enteric diseases. UN agencies had designed simple and cheap outhouses suitable for rural areas. By mass-producing them, the government would greatly reduce its unit costs and pass on the savings to citizens. Diseases like cholera still plague Malaysia, a reflection of its appalling standard of public

health. Cholera is non-existent in the West simply because of clean community water and effective sewer treatment.

Another major killer in Malaysia is trauma, in particular road accidents. Trauma involves mostly young adults, previously healthy and productive citizens at the peak of their careers. Most accident victims have many more years of productive life ahead of them. The sad aspect of highway accidents is that they are preventable. Yet Malaysia simply ignores the problems and instead put all the blame on the drivers. True Malaysian drivers are reckless, tailgating at high speed and suddenly changing lanes without signals. In part this is attributable to the fact that freeways are new to Malaysia and drivers are not familiar with the road dynamics and dangers imposed by cars traveling at high speed. In the West automobile accident injuries have been greatly reduced through better-designed cars (airbags and seatbelts), well-engineered roads, high visibility signage, and improved driver training. Driver education is mandatory in American high schools. Many states are also experimenting with graded licenses for teenagers instead of giving them the full license at once.

The impact of well-engineered roads on fatalities was dramatically demonstrated in my California practice. Twenty years ago I saw many mangled traffic accident victims in the emergency room. I have done more than my share of fixing busted livers and broken limbs. Those were the lucky ones, the ones who managed to arrive at the hospital alive. Many more were dead at the scene of the accident. The reason was that the highway into the town was not divided and people were driving as if it were a freeway. Repeated public campaigns to caution motorists, including increased police enforcement, did not make a dent. Ten years ago the road was upgraded into a divided freeway complete with a median barrier, and suddenly the number of accidents and fatalities plummeted. The savings of lives and medical expenses more than recouped the cost of the highway improvement.

The carnage on Malaysian roads is truly horrifying. The accident rates, adjusted for the number of registered vehicles, are nearly three

times that of Western nations. Malaysian roads are poorly engineered, lack a median, poorly maintained, and over strained. I have often wondered that should a rigorous economic analysis be made, it would be far more effective, in terms of number of lives saved and maimed bodies prevented, to improve the roads than to build hospitals and medical schools.

There are other cheap public health measures that would save millions by reducing the expenditures on medical care. Case in point: smoking, a significant health risk worldwide. Lung diseases like cancer and emphysema, together with premature heart diseases, hardening of the arteries, and strokes are directly attributable to smoking. Discouraging and curtailing smoking would reduce immensely the related medical costs. California successfully reduced smoking through a combination of tough public health measures like banning smoking in public places and strict prohibition against selling the product to minors. California also imposed "sin" taxes making cigarettes expensive and thereby decreasing consumption. There are also aggressive public health campaigns against smoking targeting the young. Today California has the lowest per capita cigarette consumption.

I would go further and nationalize the distribution and marketing of tobacco. Once the industry has the efficiency of the postal service, where one has to wait in line to buy cigarettes, the consumption would surely go even lower. Canada, in an effort to reduce alcohol consumption, has laws where the product can only be distributed and sold by a government agency. In this way it also gets to keep the revenue!

We must distinguish between real medical advances (which are effective as well as cheap) and what the American pathologist Lewis Thomas called "halfway technology," which are dramatic and expensive but of limited utility. A ready example would be the advances in the treatment of polio. In the 1950's we had a number of those halfway technologies used in treating polio patients. Vast engineering skills were consumed in designing better iron lungs for paralyzed patients. Creative orthopedic surgeons were performing a variety of ingenious

operations to strengthen muscles and stabilize joints of these unfortunate victims. These were very expensive; they were also all halfway technologies. Then came real advance with the development of the polio vaccine. It is very cheap and effective. Today polio is essentially wiped out. Meanwhile all those elaborate iron lungs and textbooks on the delicate surgeries—quaint reminders of halfway technology—are now seen only in medical museums.

I am not suggesting that all expenditures on health care bear such dramatic returns. Beyond the basic public health and preventive measures discussed above, the benefits of ever increasing expenditures on medical care produce rapidly diminishing returns. In America, nearly 40% of the Medicare (a federal medical program for those over 65) dollars are spent on patients who would die within six months.

One of the diseases that have the greatest impact on the productivity and longevity of citizens is malaria. Someone once made the remarkable observation that Rachel Carson (the author of *Silent Spring*, a book that raised so much public consciousness on the dangers of chemicals) was responsible for more deaths than Hitler. It was her crusade that led to the banning of one of the most effective pesticides against mosquitoes, DDT, and with that came a resurgence of malaria and its terrible toll. At the public health level, DDT was indeed a major advancement: cheap and effective. But on a broader ecological consideration, it represented a halfway technology. Real advance would be an effective vaccine against malaria or an effective biotechnology weapon specifically targeting the offending mosquito specie.

While waiting for that real technology, there is much that can be done to reduce the incidence of vector-borne diseases like malaria and dengue. In my childhood mosquito nets were essential. One would never sleep without being covered by one. Today I rarely see them in Malaysian homes. Malaysians have been lulled by the wonders of chemicals. Similarly, covering roadside ditches and drains, cutting grass and bushes, and clearing the garbage would all reduce the vector population. A major breeding ground for mosquitoes is septic tanks. A

health engineer in Sarawak ingeniously designed a mechanism to prevent this by having foam balls fill the venting duct. In this way the gas could escape but not the mosquitoes—a cheap yet effective innovation.

We do not need the empirical studies of the NBER or WHO to convince us that investing in the health and well being of our citizens is the right thing to do. That it also enhances economic growth is merely icing on the cake.

THROUGH EDUCATION

Globalization is driven essentially by knowledge; the new economy is appropriately called the K(for knowledge)-economy. Knowledge is the important ingredient of the new economy, and also its measure. Knowledge has replaced the economists' "factors of production"—land, labor, and capital—as the chief economic resource.

The philosopher Saidina Ali perceptively observed that knowledge, unlike wealth, protects us under all circumstances, but we have to protect our wealth constantly against theft and inflation. The world around may crumble but with my knowledge and skills as a surgeon, I can still contribute and be productive. Further, wealth is diluted when shared; knowledge on the other hand, increases and gets enhanced when shared. A discovery in one field often stimulates innovations in another, thereby increasing our overall knowledge. Knowledge is also amplified through such exchanges. The nuclear magnetic resonance (NMR) that was used initially in basic research to identify chemical molecules is now used routinely in clinical medicine. Indeed the market for this is worth considerably more. Wealth if kept secret may retain its value, but knowledge kept secret will quickly become obsolete and worthless.

Globalization greatly enhances the diffusion and amplification of knowledge and ideas.

The remarkable aspect of investing in education and knowledge is that the returns are both cumulative and synergistic. The more we

invest, the greater the returns. One set of knowledge enhances the effect on another. As observed by the economist William Esterly, "Investment in knowledge leaks from one person to another and realizes its full potential when high-skilled individuals match with each other. The more existing knowledge there is, the higher is the returns to each new bit of knowledge." I will illustrate this with a real life example.

About ten years ago a Malaysian patented a unique engineering device. This grew out of his doctoral studies. He wanted to stay in America for a while to develop his invention, but being a government-sponsored student, he was forced to return. He approached his departmental head at a Malaysian university for some protected time to work on his new gadget but was denied. Instead he was forced to teach an introductory calculus class. He appealed to his vice chancellor, but the latter was not interested in the travails of a junior instructor. Besides, Malaysian universities are more teaching factories rather than research centers. The vice chancellor, having no original invention of his own, did not appreciate the young lecturer's dilemma. In the end, as is so typical of the fate of many talented Malaysians, the engineer left the country.

In America he was able to find an independent laboratory to perfect his invention, and with the help of a venture capital firm and a patent attorney, he was able to successfully market his product and establish his own company. He was greatly aided by the presence of all the supporting infrastructures. The remarkable success of Silicon Valley, California, is due to this synergy of the various elements, "clusters" to use Michael Porter's phrase. Each segment brings its own skills and knowledge, thus amplifying each other. A patent attorney would be useless without inventors; likewise, a venture capitalist would not survive unless there are entrepreneurs. All these elements complement and reinforce each other, hence the synergism.

Back to the Malaysian inventor, even if his university had been supportive he would still have difficulty bringing his invention to market because of the lack of supporting infrastructures.

Malaysia was fortunate that right from the very beginning its leaders were fully conscious of the need to develop the citizens. Its leaders wisely chose to build schools rather than barracks, and train teachers instead of soldiers. Significantly, the nation's first minister of education was no less than the able Deputy Prime Minister, Tun Razak. He purposely took on that portfolio to demonstrate the government's commitment to education. Ever since then that portfolio has been widely regarded as the most important and prestigious. All the country's prime ministers (except the first) had once held that position. When Tun Razak was Minister of Education, his budget was the largest, reflecting the importance placed on education. Unfortunately his stream of successors as Education Minister had all been singularly unimpressive, except for Dr. Mahathir in the 1970s. Following Mahathir that ministry again reverted to form, with its mediocre string of ministers. Razak and Mahathir recognized the importance of their assignments; they enhanced the reputation of the ministry. In contrast, their successors used the prestige of the ministry to further their own selfish political ambitions. They merely coasted along or worse, pandered to the political whims of the day. They let the schools and universities deteriorate.

In an attempt to reverse the decline and in a marked departure from tradition, Prime Minister Mahathir chose the current minister, Musa Mohamad, the first non-politician appointed to the post. Sadly, thus far he has simply carried on this mediocre tradition, fumbling from one crisis to another.

Education remains the biggest item of expenditure in Malaysia. Both in absolute amount as well as relative to the budget, GDP, and population, Malaysia spends more on education than Taiwan or South Korea but has precious little to show for it. The Malaysian ministry of education is extremely inefficient; its mission cluttered. First is the

poor leadership. Second, it has too many items of its agenda beyond education—politics, social engineering, and public works. And third it is too much like the defunct Soviet system.

I will cite one glaring stupidity of the ministry. Up until the economic crash of 1997, Malaysia sent thousands of young Malays abroad simply to complete their matriculation, essentially Sixth Form classes. There were scandals where students were sent to fly-by-night “educational” outfits that existed only on paper, and of students being stranded abroad because the “colleges” they had been enrolled had not even been built! For the cost of sending two students abroad, Malaysia could have easily employed a professor from Berkeley to come to Malaysia, thus benefiting many more students. I can see the rationale for sending them to top universities or for pursuing courses of study not available in Malaysia. But these students were taking run-of-the-mill undergraduate courses at third-rate institutions. While they are expending billions on these students, local universities were starved for funds to expand their libraries and laboratories.

Additionally, the government also runs a system of expensive residential schools where students get free tuition plus room and board. Even children of millionaires and ministers do not have to pay a dime for their children to attend these expensive schools. The ministry is also responsible for distributing millions worth of contracts for construction, equipment, and textbooks. But instead of getting the best value for its money, such contracts are given instead only to Bumiputras, especially those with high political connections. Consequently because of the limited competition and lack of transparency, these contracts incur significant costs overruns and are often delayed or never completed. A recent example was the contract for supplying computers to schools. At the end less than 10% of the project were completed. Instead of punishing and blacklisting those recalcitrant contractors, the ministry merely extended their deadlines. This of course would be repeated many times. In the end it is the students who suffer.

To put matters in perspective, private colleges in Malaysia are being built and run at a fraction of the cost of running similar government institutions. And their graduates are more employable than products of public institutions.

The ministry is a replica of the defunct Soviet system: highly centralized, strict top-down command, and rigid controls at all levels. The minister even appoints universities' departmental heads! When led by efficient and imaginative ministers like Razak and Mahathir, such a structure produced admirable results. Left in incompetent hands, and you have a disaster that is the present system.

The present centralized system is clearly inadequate. American universities are widely regarded as the best precisely because there is no central authority; there is no ministry of higher education. Each institution is free to chart its own course. Consequently, the crowd at Harvard is very different from those at Creekville State University; nonetheless graduates from both places are needed. In contrast, American public schools, highly controlled and regulated, lag behind those of many other countries.

Malaysian schools today are a far cry from their earlier days. At the recent Third International Mathematics and Science (TIMS) assessment, Malaysia stood way behind South Korea, Japan, Taiwan, and Singapore. But our leaders are not embarrassed by such comparisons; they keep harping on how Malaysia is the "center of educational excellence"—for the Third World. Malaysian leaders eagerly compare the nation to the likes of Zambia and Malawi so they can pat themselves heartily. When you cannot measure up, why, simply change the yardstick! Or choose a less competitive league.

Malaysia should do to its ministry of education what the Russians did to the former Soviet empire: dismantle the massive ossified structures; decentralize its immense authority; and privatize its myriad activities. This would require a formidable change in mindset, and I do not see any movement in that direction. Nor do I expect the current personnel to even think along those lines; they seem stuck in the old mold.

Education in Malaysia has less to do with educating the young but everything to do with politics and cultural symbols. The main preoccupation of the political leadership is that the ministry be under someone UMNO considers able to resist the demands of non-Malays, especially the Chinese. Thus political credentials rather than managerial smarts become the operative criteria for appointment. The appointees in turn are aware of this and exploit the position to further their personal political goals. Anwar Ibrahim used the ministry to propel himself to be deputy prime minister, and Musa Mohammad's predecessor, Najib Razak, is guilty of the same blind political ambition. No surprise then that Malaysian schools and colleges have deteriorated.

The deterioration is apparent on many fronts. Apart from the abysmal performance at TIMSS, there are other internal indicators showing that the schools and universities are a mess. Everyday one reads in the local papers of teachers being assaulted and schools vandalized. In 2001 the examination papers of students were stolen, and then dumped at some roadside. The invigilator apparently left them in his car that was later stolen. Such lax disciplines are evident among administrators, teachers, and students. Visit any school on any day and chances are the headmaster is absent, in a meeting off campus. The teaching profession no longer attracts the best and brightest partly because the pay is embarrassingly low and teachers given no respect. A fish hawker earns more than the average teacher. Teachers lament that they cannot do much disciplining as their headmasters are constantly overruling them. Powerful parents in turn intimidate these headmasters. No surprise then that there are hundreds of vacancies for teachers.

The dropout rates especially in the primary schools are horrifying. This is most pronounced in rural areas and among Bumiputras and the poor. In an attempt to reverse this, the government plans to make primary schooling compulsory. I would have preferred it first study the reasons for the appallingly high dropouts rate and address them. Those problems will not magically disappear by making schooling compulsory.

Education is a state monopoly in Malaysia, at least until the mid secondary level (Form V). Malaysians have no choice but to send their children to public schools. There are many private schools but Malaysians are not allowed to attend unless they get special dispensation from the minister. Wealth alone will not get you one otherwise there would be a flood of young Malaysians at these excellent schools. Malaysians in Johore have a choice, and many are expressing their lack of confidence in local schools by sending their children to the much superior schools in Singapore. Observe on any given school morning, droves of buses and cars full of school children heading south.

Beyond Form V the government no longer exercises controls. Once freed from the strictures of the ministry, parents desert the system en masse as seen by the figures of students sitting for public examinations. In 2001 over 320,000 students sat for the Form V examination (SPM), but only about 40,000 sat for the Form VI (given after two years of additional schooling). Either the students drop out after Form V, or more than likely they opt for private colleges rather than continuing with the government's Form VI. Not surprisingly, private institutions are booming in Malaysia to meet this new need.

The universities are no better, although quantitatively Malaysia has done well. While there were no universities in 1957, today there are over a dozen. Newspapers carry almost daily headlines about new universities being set up or planned. To some this represents progress, until one actually visits one of these new establishments. They are nothing more than glorified community colleges. Or in the words of former Deputy Prime Minister Musa Hitam, "kampong campuses." The country is not so much as providing quality education for its young as expanding the job market for administrators and professors. Malaysia keeps setting up universities as if that is an easy endeavor, and the results show. This does not stop the authorities from constantly bragging about their experience building new universities. It reminds me of the wise observation of Dr. Willy Mayo (of Mayo Clinic fame)

who said that some surgeons keep repeating the same mistakes a hundred times, and call that experience!

The quality of the faculty and students too are wanting, indicating that it is a failure of the system. Choose any criterion, and the woeful inadequacies of the academic staff is apparent; from the percentage having terminal qualifications to their productivity as measured by published works. The only way for academics to have pay raises or be promoted is to accept administrative positions. These are usually given not to promising scholars or researchers but those politically connected. Malaysian academics are not given the necessary support either in clerical staff or research funding. Many professors do not have personal computers or ready Internet access. Few are given the opportunities for sabbatical leave when they could recharge their intellectual juices. Promotions are still largely determined by factors other than academic excellence. Peruse the resume of deans and vice-chancellors. With very few exceptions they are individuals singularly lacking in scholarly achievements.

The quickest way to oblivion for academics in Malaysia is for them to publish papers or essays even mildly critical of the government. Academics have been fired for being too independent; a few incarcerated, courtesy of the ISA, for commenting on "subversive" topics. The reverse is also true. The quickest path to the top is to write toadying articles praising the system or better still, individual political leaders. Thus the specter of one local economist of no particular renown or achievement urging universities to teach "Mahathirism." His views, not surprisingly, received widespread laudatory coverage in the local media.

The system is aggravated because the minister makes all senior academic appointments. And if he does not value scholarly excellence, chances are his appointees too would also share that view. Which is why the leadership of Malaysian universities is in the hands of the less-than-intellectually talented. There are many brilliant young Malaysian

scientists and scholars, but they are stuck in some remote corner of academia and ignored.

Local undergraduates are not much better. There is the matter of selection as the brighter ones and those who can afford it chose private colleges or have gone abroad. But still there are many brilliant students who end up at local public institutions. Here the universities have failed them. Because local courses are taught only in Malay, the intellectual universe of the students is very confined. Reading materials and references in Malay are limited. Local graduates also suffer in other ways for their lack of English proficiency. Few end up at leading graduate schools, and private employers shun them. Locally minted PhDs rarely secure post-doctoral appointments at leading centers abroad.

In early 2002 Malaysian newspapers highlighted the plight of nearly 25,000 graduates who could not find jobs. Nearly all of them were Bumiputras and graduates of local universities. This raises the fundamental issue: Are they unemployed or simply unemployable? With the former, the answer would rest with the greater economy; with the latter it would be with the educational system. It is hard to imagine with the nation enjoying near full employment and having to import hundreds of thousands of foreign workers that these graduates would have difficulty finding jobs. It is my contention that the educational system has done a poor job of making its products employable. These graduates are simply unemployable. Had they had been given a broad-based education and been fluent in English, mathematically competent, and familiar with IT, employers would grab them. Malaysian universities must bear the heavy blame for this problem. At present the only avenue of employment for liberal arts graduates of local universities is with the government. They have absolutely no skills that would be useful or needed in the private sector.

Had Malaysian universities follow America's lead and made their curriculum more broad and liberal, then local graduates would have greater transferability of skills and thus flexibility in the marketplace. Leading American universities for example, mandate a year of English,

laboratory science, and mathematics for all their students. Malaysia still has the British hangover of too early and too narrow a specialization both at high school and university.

For the past few years the regional publication (now defunct) *Asiaweek* carried an annual survey of Asian universities. Already in that short space of time we see a steady decline in the ranking of local institutions. In the first survey in 1997, Malaysia's leading and oldest university, the University of Malaya (UM) was ranked 11th; two years later it dropped to 27th; and in the last survey (2000) it felled to 47th. Meanwhile Universiti Kebangsaan (National University) made the list once at the very beginning, and then dropped out of sight. Only Universiti Putra Malaysia improved its standing—from 69th in 1999 to 52nd in 2000. One can argue with the criteria used by *Asiaweek*, but there is no mistaking the trend. Of course the typical Malaysian response is, well, we are still ahead of Papua New Guinea!

To its credit the government, despite vocal opposition from UMNO, recently permitted the setting up of private universities and colleges. Most of these institutions are nothing more than puffed up tutoring centers. Not even in the most stretched meaning of the word could they be called colleges. Still there are a few outstanding ones like Sumway, Inti, and Taylor, together with local branches of some foreign universities that are attracting top students and providing real alternatives. To date these institutions are the exceptions. The ministry still monitors private institutions closely; their permit is conditional upon their satisfying the ministry. Because of this leash, Malaysia fails to attract quality foreign universities from setting up satellite campuses locally. Unlike Singapore that has the likes of Johns Hopkins, Malaysia attracts only the East Anglia and Ulu Australia universities.

Malaysia justifies its tight control on local schools and colleges on the grounds that they serve as more than just educational institutions. They have important social roles in integrating students to enhance national unity. But that goal can be achieved without tightly control-

ling and thus stifling the institutions. The present system, despite its stated noble intentions, fails to produce much-needed social integration of students. Non-Malays choose to attend national-type (vernacular) rather than national (Malay) schools. Private colleges cater primarily to non-Malays. Unchecked these unhealthy trends would undermine national unity. Malaysia should insist that all its institutions, private and public, have a student body reflective of the general society. The government can help achieve this by giving scholarships to Bumiputras to attend private institutions and by giving grants to those colleges who subscribe to this common objective. American universities that receive federal funding have student bodies that are reflective of the larger society. They are finding that diversity has an added educational bonus—students are exposed to different cultures and viewpoints. In this globalized age, this could only be an advantage.

The present system must be improved. This is best achieved by first doing away with the present mindset of total control and the attendant burdensome centralization. Further, there must be a greater role for the private sector in education at all levels.

REVAMPING THE SCHOOLS AND UNIVERSITIES

The Malaysian government recently published a massive plan, *Educational Development—2001-2010*, aimed at revamping the entire system. Only a year earlier it had undertaken another massive revision of the curriculum, and that project was yet to be completed when this new policy was unveiled. Despite its 250 pages, replete with the obligatory buzzwords like knowledge workers, IT revolution, and globalization, the report fails to address the glaring inadequacies of the present system. These include the atrociously low standard of English, abysmal levels of science literacy, and appalling mathematical skills of students. To address the increasing disadvantage that graduates of public univer-

sities face because of their low English fluency, the government proposes to have private institutions use Malay as the medium of instruction. In other words, handicap everyone to the same level of mediocrity!

A central feature of this new reorganization is the reduction of the school years from the present 13 to 12. This combined with the earlier shortening of the undergraduate years from four to three would put Malaysian students at a distinct disadvantage in the marketplace. Instead of spending energy on a disruptive massive reorganization, the ministry would do well to focus on enhancing the present system of P-13, in particular the Sixth Form.

The government's rationale for reducing the school years is to align the Malaysian system with that of advanced societies, in particular America. True, the American system is also P-12, but two years of college is now increasingly the norm, in recognition of the need for a highly educated workforce. Further, American high schools offer courses that are traditionally taught in the freshmen (first) year of college. As a result more and more students, especially at the leading universities, are now entering with "advanced standing." Teaching introductory college courses at high school is not only cheaper but also more effective. Additionally, students entering with advanced standing are better prepared and are less likely to drop out. They also graduate faster. We can never over prepare students for college.

Bard College, a highly regarded degree-granting institution, in cooperation with New York City public schools system expanded on this idea and recently started an accelerated program where highly motivated students are selected to pursue their final two years of high school integrated with the first two years of college. These students would then graduate with both their high school diploma as well as an Associate degree. They would then proceed into the junior (third) year of university.

Malaysia had a comparable program in the 1960's where students who performed well at Sixth Form were admitted as "super-freshie,"

skipping their first year. Now Sixth Form is emasculated, replaced with the much more expensive and highly inefficient *matrikulasi* (matriculation) programs provided by the universities.

I propose simplifying the present system into elementary (P-6), middle (7-9), and high school (10-13), with a standardized national test at the end of each level. Thus only three such tests, eliminating the present Form V (Year 11—*Sijil Perseketuan Malaysia*, SPM) examination. These tests should be used to assess not only the students but also equally important, their schools. Further, such national tests would be limited only to the core subjects of Malay, English, science, and mathematics. Students would be promoted based on such national tests as well as their individual assessments made by the school. Such evaluations, as in the American system, should be based on the student's performance throughout the year instead of a single end-of-year examination. It is patently unfair to decide on a student's future based on one single examination. If he or she is not feeling well that day or if there are interruptions in the student's life (for example, floods, as has happened often in the past) then the students' performance would suffer, as would their entire future.

American students are continuously assessed throughout their school year. And universities base their admissions on these school assessments (as measured by the Grade Point Average) as well as scores on standardized tests. Often the two are correlated but there will be the occasional students who excel in one but not the other. They too should not be denied the opportunity.

Eliminating the SPM examination as well as the number of subjects in these national tests would markedly reduce the workload of the ministry's Examination Syndicate. It would then be able to process the results in weeks instead of the present months. At present students are kept in limbo waiting for their test results from January to June the following year. That is more than a semester wasted while they could be in class instead of loitering. (Note: There has been significant improve-

ment; in 2002 for the first time the results were announced at the end of February.)

My proposal would not materially change the first P-9 years, except that all schools must follow the minimal core curriculum of the four compulsory subjects. These subjects must be taught daily. Each school would be allowed to experiment with various electives to fill in the rest of the school day.

The last four years (high school) would see the most change. Essentially I would classify high schools into academic, general, vocational, and specialized (vernacular and religious). Academic schools would prepare students for universities. The vocational stream would equip them with technical training like carpentry and auto repairs, as well as general office skills like bookkeeping. Such schools could be combined with industries' apprenticeship programs so that when the students graduate they would be well on their way to earn their journeymen's certificate. From the general stream would come future nurses, policemen, and non-graduate teachers. Thus regardless of the students' ultimate career goals, they will be fluently bilingual (Malay and English), science literate, and mathematically competent.

English must be emphasized because of its utility in the marketplace. Thus in addition to having English as a subject, I would teach at least two other subjects in that language. The most suitable candidates for this are science and mathematics. Increasing the number of subjects taught in English would give student a much greater opportunity to improve their fluency in that language. As for making mathematics a core subject, numerous studies have shown that ability in it correlates with later success in college and life. The skills learned in mathematics have wide transferability. Similarly with science; in an increasingly technological world, students must have an understanding of the basic concepts in science.

(Latest update: In May 2002 the government (actually UMNO Supreme Council) decided that science and mathematics be taught in English in the schools. That is the easy part. The more formidable

problem is the implementation. The ministry is presently inundated with fervent Malay language nationalists who would do their best to derail this imaginative initiative.)

This streaming must be flexible so students could switch during the first two years. This would accommodate late bloomers as well as those who discover their technical aptitude later. Graduates of vernacular and religious schools would in addition be effectively trilingual (their mother tongue with vernacular schools, Arabic with Islamic schools)—an added bonus. Because of the core curriculum, graduates of religious schools too would also have greater flexibility in their career choices and plans for further studies. And should they ended up as *ulama*, they would be better for it for having had a broad-based liberal education.

Schools should be allowed to chart their own course. I envisage some emphasizing the performing arts, others foreign languages or the sciences. Students would be free to choose the school that would best meet their particular needs. To eliminate obvious disadvantages based on geography, each school must also have adequate hostel facilities to cater for out-of-area and rural students.

There are plenty of role models. Malaysia can look to Germany and Switzerland for examples of superior trade schools. For academic schools it can emulate the finest British public or American magnet schools. Local universities could propose model curricula for the academic schools. Similarly, industries could help design specific vocational syllabi. Proton for example, could establish a school to prepare students to be car mechanics and auto body repairers.

My proposal calls for the elimination of the current *matrikulasi* programs. They are expensive and waste the valuable resources of the universities. Universities should stick to doing what other institutions cannot do, that is, education at the undergraduate, graduate, and professional levels. *Matrikulasi* was started in response to the 1969 race riots. It was one of the many efforts to increase the number of Bumiputra undergraduates. It has done its job well by complementing the

inadequacies of the schools at the time. As a result the program has passionate supporters, especially among UMNO Youth. Conditions have changed; today the program is undermining the Sixth Form. If it cannot be eliminated, then its mission ought to be modified to be an academic outreach program for poor, rural, and other disadvantaged students. In this way the university's expensive resources are focused on those who truly need them.

It is gratifying that the ministry is finally disbanding *matrikulasi* except for the program at the Universiti Teknologi Malaysia. I do not know the rationale for this exception. This long-overdue change would make Sixth Form regain its former importance. Further, strengthening Sixth Form would also enhance the overall standard of a school as some of the improved teachings and facilities would filter down to the lower forms.

In addition to changes in the program ("software") of the schools, the physical facilities ("hardware") too are badly in need of upgrading. The current double sessions take their toll on teachers, pupils, and facilities; they must end. Despite repeated declarations to this effect, double sessions are still very much a reality for most schools. With a single session, the school day could be lengthened, with students spending the afternoon either for "prep" time or be involved in extra-curricular activities.

Malaysian schools are also woefully equipped with computers. Many rural schools even lack electricity. I fail to see why these isolated schools could not be provided with portable generators and wireless Internet connectivity, as successfully demonstrated by the E-Bakun project in Sarawak. These are expensive propositions but they are necessary investments for these children. Besides it would cost more if they were left behind.

The education system must also allow for private sector participation at all levels. Such private schools must meet strict enrollment guidelines to prevent racial and social segregations, as well as to prevent the one-teacher school and the giant educational factories. There could

be joint ventures, with industry providing the facilities and the ministry, the teachers. Big companies would want a school on their premise for their workers' children. This would boost employees' morale knowing that they would be close to their children during working hours. One such model is a public elementary school in Florida, a joint project by the giant truck rental company, Ryder, and the local school district.

To further encourage social integration, there should be generous financial incentives for schools whose student body reflects the general society. With such extra funds these schools would be able to offer enhanced programs that would in turn attract students of various races. Given such an encouragement, most Malaysians would prefer their children to attend integrated schools. Again the policy should be flexible so that schools in Klang Valley would have different enrollment requirements than those in Kelantan. Such special grants could also be used to reward superior-performing schools and to compensate those in disadvantaged areas.

Administratively schools should be decentralized and freed from the ministry's micromanagement. They should be judged solely on their results. The ministry's role should be restricted to selecting the managing board and monitoring the quality and performance. To ensure accountability the board must be made up of sufficient number of teachers and parents. Malaysia is now fortunate to have many well-educated citizens even in small communities who would make excellent board candidates.

Additionally the headmastership of schools must be a terminal appointment, with salary increases dependent solely on performance. Headmasters need not be transferred to get their promotions. The days when they are nothing more than seat warmers on their way to be Undersecretary for Procurement at the ministry should be over.

Decentralization would also result in greater competition among schools and spur them towards improved performance. Inevitably some would be perceived as superior, and competition for them would

be intense. These schools must have a fair, objective and transparent mechanism for admission to prevent favoritism. Similarly, poor-performing schools would be under intense public pressure to improve. The ministry could then concentrate their resources and efforts on improving them.

Freeing schools and universities from the rigid control of the ministry would enable them to grow and find their own level. Educational wisdom is never the exclusive preserve of civil servants and politicians.

Another avenue for private sector participation would be a joint private and public partnership to form charter schools. Charter school is a new concept and is increasingly popular in America. The underlying idea is to empower the ultimate "consumers" of schools—students and their parents—by taking control away from the central bureaucracy and giving it to the schools. The ministry would be concerned only with monitoring the quality and compliance with rules and regulations, and setting the standards.

To gain their charter, such schools must meet certain conditions. Their graduates must demonstrate competency in the national language (Malay) and history. These schools must also recognize the uniqueness and special sensitivity of Malaysian society. Thus their student body must reflect the greater community.

In return, these schools would get state funding—the same amount it would have cost the government to educate these pupils in the public present system. Additionally the state would guarantee loans for capital expenses. The actual lending however, would be done through private sources. With the guarantee, the interest rate should be favorable.

Any private entity, local or foreign, could establish such schools. Further, parents and teachers must constitute the majority of the governing board to ensure that the school's mission would not be subverted. The board would have total control, including choosing the medium of instruction and the setting of fees. The board would also be accountable to the students and parents; they could monitor the school better than any government official or agency.

Such schools must have clearly stated objectives. They can prepare students for Sijil Tinggi Persekutuan, British GCE, International Baccalaureate, American SAT, or any other matriculating examination. These schools could look to their leading counterparts abroad as their model. Schools preparing students for the American system could emulate Groton and Exeter. Such schools would also attract foreign students and be a source of valuable foreign earnings.

For the non-college bound, there could be vocational charter schools started by Pernas, for example, to train future workers for its hotels. A consortium of construction companies may start one to train plumbers, electricians, and other skilled workers. The schools, not the ministry, would set the curriculum.

If there is a demand by the public, there could be schools preparing for Arabic, Chinese, or even French universities. Such schools must of course meet the enrollment mix mentioned earlier.

Charter schools would lead to greater social integration of students as they would be taking classes and doing extra curricular activities together, a marked improvement over the present vision schools or the Pupil Integration Plan. These charter schools must also have adequate ancillary facilities (playing fields, auditoriums) to preclude their being set up above shop lots.

I have participated both as a parent and at the board level in a charter school. One innovation we introduced was the senior exhibition as a graduation requirement. Students write a report as well as put on a multimedia presentation on each subject they take to an audience of teachers, students, and interested community members. They would do their own research and preparation, with the teacher's guidance. To ensure accountability, they are evaluated not by their teachers but by a panel of outside volunteers. College admission officers are impressed with this innovation. More importantly, feedback from the students revealed that the exhibition exercises were the one high school experience that best prepared them for university. Not only did they learn to study on their own but the experience also built their self-confidence.

Adopting charter schools would require a major shift in the thinking and attitude of the education establishment, a paradigm shift, to use the current cliché. The government is not the only entity that can provide education. Besides, in education, there is no "one size fits all" model that will satisfy the needs of all Malaysians.

Malaysia benefited immensely by allowing private sector involvement at the tertiary level. Unfortunately such institutions as noted earlier, are currently dangerously segregated along racial lines. American universities long ago recognized that diversity is good not only for themselves and their students but also for the greater community. Harvard today is much more highly regarded than it was five decades ago when it was the preserve of White, Anglo-Saxon Protestants. Diversity in students and faculty is now an important criterion for accreditation. Malaysia should do likewise.

Malaysia should start small, by granting charters to about 20-25 primary schools, 10-12 at the secondary level, and a few universities. After a decade, carefully evaluate the program with a view to enhancing it.

Even without these major innovations there are still much that can be done to enhance public universities and colleges under the present system without resorting to radical changes. For one, the ministry could ease the strict control it has on them. There was much hoopla about the privatization of the University of Malaya (UM). Unfortunately the governing structure may have been changed, but the same control mentality remains. Senior appointments are still made by the minister; nothing has changed there.

The government should consider granting universities a global budget, tied to enrollments, graduation rates, number of science and graduate students, and other goals. Once that budget is established, let the university run its own affairs. If a vice-chancellor fritters that money on grandiose graduation ceremonies and other useless extravaganzas like first class air travels for their deans instead of buying books and computers, let him (or her). Trust the students and faculty, as well as the governing board, to keep the vice-chancellor in line. The minister

should be concerned only with selecting the best people to the governing board; they in turn would be responsible for the performance of the university. There is no need for micromanagement from the ministry.

There are at least three major glaring deficiencies of Malaysian universities. First, many have the academic atmosphere of a junior college. In particular, their commitment to research is minimal. Nowhere is this more clearly demonstrated than in the choice of individuals selected to lead these institutions. Few have excelled as scholars or researcher. Second, Malaysian universities do not have well-developed extension and continuing education programs. Such programs enable the universities to reach out into the community. They also provide an avenue of access for non-traditional students. Additionally, a functioning continuing education program instills a culture of continuous learning and self-improvement. It is noteworthy that at many institutions, such programs are financially very viable. Tertiary institutions in my area from Stanford University to the nearby community college have many outstanding community and professional programs. I have taken many such courses both for my professional development as well as for personal enrichment.

Third is the isolation of Malaysian universities from the realities of the marketplace and the community. On many American campuses each faculty, and often a department, has an advisory committee or a board of visitors comprising of potential employers, active practitioners, and supportive alumni. In this way demands of the marketplace are quickly transmitted to the faculty and changes could be made quickly. American business schools were quick to develop courses on entrepreneurialism, seeing how important that is to the new economy. More recently in the wake of the 9/11 terrorists' attacks, universities were putting up new courses on Islam to cater for the anticipated demands for greater understanding of this faith. At UCLA the university went further and quickly set up a series of undergraduate seminars led by senior professors to deal with the myriad issues triggered by that great tragedy. The massive Enron scandal was still unfolding and

American colleges were already offering courses on business law, accounting, and ethics related to that massive bankruptcy. Such rapid responses would be unthinkable in Malaysia. Malaysian universities are so tightly and rigidly controlled by the ministry that it would take them years to even think of offering new and relevant courses.

Besides being the repositories of the brightest talent, universities also represent the pinnacle of the nation's universe of knowledge. If Malaysia desires to join the ranks of developed nations, its universities must also aspire to be on par with the best.

Schools are the nation's future in miniature, goes an old Chinese saying. When I travel abroad, I can tell the state of the nation by just visiting its schools. Observing Malaysian schools over the years, I become increasingly concerned about Malaysia's future.

The stark deficiencies of the Malaysian system are now obvious. What is sad and disappointing is that there is very little attempt at rectifying them. In early May 2002 the Kubang Pasu UMNO division, Prime Minister Mahathir's own constituency, passed a resolution calling for the setting up of English-medium schools. Such calls coming from the grassroots indicate how desperate the citizens are over the education of their children. I was extremely disappointed with Mahathir's response to the resolution. He essentially said that if that were the wish of the people, then he would comply. I would have thought that on such a serious matter as the nation's education, leaders must lead and not wait for direction from the followers.

SHARPENING MALAYSIAN COMPETITIVENESS

Ensuring that the citizens are healthy and well educated is the first step in turning them into productive and contributing members of society. The two are enabling conditions or prerequisites, but Malaysia needs to go beyond that to ensure that her citizens, and thus the nation, are competitive. The surest way for Malaysia to thrive with globalization

and free trade if her citizens can produce goods and provide services at a better price and quality than anyone else.

There is no way to predict which individuals will be able to do something better (more competitive) than someone else. In feudal societies birth and social ranking determine one's place in society and what one does. Children of nobility and royalty are born to rule others, while those of the warrior class will continue to become warriors, and children of peasants are fated to remain as peasants. This is not a design of nature, rather shaped by the social norms and culture. Were human societies like colonies of bees, yes, biology would then rule supreme. It is biology that determines whether individual bees would become the queen, drone, or worker bee.

In modern societies, it is the individuals who determine their own fate. In America, the son of a farmer could become a president (Jimmy Carter), a high school dropout could go on to win a Nobel prize (Albert Einstein), and a college dropout could form a multibillion corporation (Bill Gates). There is no central authority, power, or social dictates that will determine that someone be this or that. The fate of individuals lies in their own hands. The powers that be in America did not have an important meeting and decide that Bill Gates should be chosen to start his software company or that Einstein be funded for his research because of some "national interest." There is no central planning committee of wise men or elders charting the course of society. Rather, individuals were given the freedom to pursue their own interests and imagination (or even to drop out of society completely) and from there, the discoveries and innovations would follow.

The state's role is limited to ensuring that these individuals are not hampered or constrained in developing their talent. Bill Gates' Microsoft did not become a giant because the government decreed that IT is such an important sector of the economy and thus must be "protected" and "supported" so it could withstand foreign competition. For many years Microsoft existed beneath the radar screen of the political establishment in Washington, DC. Now that it is one of the biggest

corporations, Microsoft is facing antitrust charges for alleged predatory marketing practices.

Related to the freedom of individuals to pursue their own interests is the concept of merit. Merit, broadly defined, is simply the qualities and actions of an individual that is praiseworthy or deserving of reward, honor, or esteem. It is not, as the current Asian obsession seems to be, based on some tests' or examination's scores. That is only one measure, and a very narrow one at that. What is considered meritorious depends both on the individual's abilities and contributions as well as that society's sets of values. Thus Pramoedya Ananta Toer's writing talent is not considered praiseworthy in his native Indonesia because the social milieu there considers sucking up to the authorities as an esteemed attribute. Indonesia does not value creative literary talent, especially when it is not used in singing high praises of those in power. In America by contrast, Pramoedya is widely lauded because it values artistic creativity. Back in Indonesia, they jailed him.

In modern law-abiding society, corruption and criminal activities are not tolerated. You go to jail for that. But in many backward societies, being corrupt is regarded as being smart; and taking care of one's own family and clan a virtue; hence the blight of corruption and cronyism. In Mafia-riddled Sicily, being law abiding is risky and can be dangerous to one's life, but being an outlaw produces tangible bountiful results.

Thus we can tell a lot about a society by the kind of personalities it values and honors, and who gets to be the elite. At the same time the types of individuals who flourish in a society reflects the underlying societal and cultural values. In graft-ridden Nigeria, an honest and law-abiding citizen is not likely to thrive; indeed only the corrupt and the dishonest are nurtured and rewarded. In Malaysia when one peruses the royal honor lists, it is clear that the producers and creators are not honored, rather the politicians and cheerleaders. In the public service, the engineers and scientists are not rewarded, rather the administrators and bean counters. That is, the country rewards the staff personnel

rather than the line people. In war if you reward those who stay behind at headquarters rather than the brave frontline warriors who risked their lives, you would never win the battle.

In America everybody knows Bill Gates but nobody recalls the name of the mayor of Seattle or the governor of its state. Using the yardstick of the American reward system (financial success), producers like Bill Gates are much more amply compensated as compared to civil servants or politicians.

In Malaysia yet another pernicious element has cropped up. You are not considered meritorious if you do not support the government or more specifically, the ruling party. Indeed you could be labeled as ungrateful or worse, a traitor. When the National Literary laureate Shahnon Ahmad published his wildly successful and biting satirical political novella *Shit*, many in the ruling party were calling for his award to be rescinded. Shahnon's sin was his audacity to criticize the prime minister. To be considered "good" in Malaysia, as in Indonesia, you have to toady to the powerful. It reminds me of China during the tumultuous Cultural Revolution when many ambitious party apparatchiks were frenetically outdoing each other brandishing and hyping their little Red Book containing "The Thoughts of Chairman Mao." In the process the country went down the tube. Now China has sober and realistic leaders, and they are rewarding the producers and entrepreneurs, not the political rabble-rousers on the streets.

To reiterate the point I made in concluding Chapter 2, the social institutions and culture must nurture the Jeffersonian natural aristocrats—those endowed with virtue and talent—and not the artificial ones based on birth and heritage, without either virtue or talent. As the economist Lord Bauer once wrote, "Economic achievement depends primarily on people's abilities and attitudes, and also on their social and political institutions."

Advancement or improvements in a society, like elsewhere, occurs along two patterns. One is the rare person, event, or discovery that comes once in a while that will radically alter the way we look at things

and solve problems. There is no way to predict or encourage this. Discoveries of the steam engines, and later the internal combustion engine, heralded the Industrial Revolution; the integrated circuit (IC) sparked the IT revolution. Similarly with rare individuals like Bill Gates or Ted Turner (the man who started the all-news network, CNN); you cannot train or nurture them. These are random and unpredictable occurrences. The second equally important, though they appear initially less spectacular, are the slow incremental improvements that others made on those seminal inventions or discoveries.

Take the example of the IC. First somebody used it to come up with mainframe computers and later, personal computers. Then somebody thought of linking the computers together as the Intranet. Yet later still someone came up with the search engine software to sift these interconnected databases and lo and behold, the Internet was born. And suddenly the IT revolution is upon us. It took all these incremental improvements and enhancements to extend and fully utilize the benefits of the original invention of the IC.

This is also the way a society progresses. Occasionally there is a seminal event that would determine the fate of that society. Typically the nation could be conquered, liberated, or there could be an internal revolution. With Malaysia the most recent seminal event was its independence from Britain. That put the nation on a different trajectory of development. Before, London determined its fate; today Malaysia charts its own course. Since that pivotal event, Malaysia has made many incremental improvements that in total made a much greater impact on the nation than the original declaration of independence. Many countries failed to capitalize on their independence and squandered the opportunities afforded by it; they easily reverted to their backward status. Indeed many are worse off today than when they were colonized. Many citizens of Congo and Zimbabwe today feel they were definitely better off under colonial rule. Iranians today too look longingly to the "good old days" under the tyrannical Shah.

All too often in the search for the spectacular, we fail to appreciate the importance of these incremental improvements. In their totality, these little improvements and enhancements produce more impact than the original seminal event or discovery. Thus we must not belittle or ignore these tiny improvements. More importantly we must continue making and nurturing these continuous changes. Unlike the random spectacular events, these incremental changes can be encouraged and nurtured.

If I were to gather ten senior Malaysian civil servants and ask them what they are doing differently today in their present job that they were not doing five years ago, they probably could not answer me. They have been doing their job in the same manner as their predecessor, with no innovation or improvement. They are merely behaving as an autopilot, coasting as it were. Similarly if they were asked what they expect to be doing differently five years from now were they to keep the same job, they would be nonplus.

In my surgical practice, nearly three quarters of the operations I do now were not yet discovered or done when I was in training. Similarly the surgical procedures that were common during my training are now hardly performed. The diseases and the patients have not changed, but the way we managed them have, and for the better. Today surgeons rarely perform mutilating surgeries for breast cancer; surgeries now are less traumatic and disfiguring, yet give the same if not better results. When I was in training, the average length of stay following gallbladder surgery was a week; today it is done as an outpatient, and using a totally different technique (laparoscopically). Similarly the contents of my wife's college lecture today bear little resemblance to what they were a mere five years ago. Today her students do most of their assignments on computers.

Yet in Malaysia they keep doing things the same way. The massive social engineering program, the New Vision Policy, is essentially a carryover of the original New Economic Policy promulgated by Tun

Razak way back over 30 years ago. The assumptions and strategies have not changed.

Citizens must be encouraged to be innovative and not be afraid of change to enable them to become more competitive. There are two ways to achieve this. One is to encourage and expose them to competition at the earliest stages, and two, to reward those who are competitive.

With the premise that we cannot predict who will be the winners, we must ensure that everyone be given the chance and opportunity to participate. Thus the young in rural and poor neighborhoods must be given equal if not better opportunities for education to compensate for their less-than-favorable circumstances. Their schools and teachers must be as good as those in urban areas. One of the cherished memories of my school days in rural Kuala Pilah in the 1950's was when I was transferred to Malay College Kuala Kangsar (MCKK), a supposedly elite boarding school, and found that the laboratories and libraries at my old school were on par with MCKK. In fact the science facilities were better at my old school, it had started a pure science stream years ahead of MCKK. To top it, I count among my headmasters at Kuala Pilah, a London University PhD, an Oxford graduate, and one from Cambridge. With such leadership it is no surprise that my old school produced more than its share of the nation's luminaries. Today it would be difficult to find any rural school in Malaysia with such a sterling staff and facility.

Entry into elite residential schools today is based on competition. This is commendable, but not enough. First the definition of merit must be broadened and more inclusive, beyond examination results. I would in addition consider the students' circumstances. Thus I would pick the son of a farmer over that of a doctor even if the former has a slightly lower score. My argument is this: given the superior surroundings of a boarding school, the farmer's son should do better. The doctor's son would do well regardless which school he would be attending; his well-educated parent s would ensure that. Thus instead of depend-

ing only on the test scores, I would assess the whole child. Perhaps a student who has not done as well in the test but whose teachers' recommendations are outstanding should also be considered. This of course makes the selection process much more complex than simply and mechanically looking at test scores. American universities base their admissions on the total evaluation of the candidate. As the brochure from Harvard indicates, a high score would not guarantee admission and neither would a low score an automatic disqualifier.

Second, the competition is presently restricted only to Bumiputras. I would broaden that to include all Malaysians. To cater to the political sensitivities, I would limit the number of non-Bumiputras.

Last, I would continue the competition even after the students are admitted. Thus students who do not measure up would be transferred back to the regular school. The expensive resources of the boarding schools should not be wasted on slackers. Doing this would serve as a sober reminder to those remaining to buckle up.

I would make these rules and criteria explicit and applicable to all. This is the only way to cut out influence peddling in the admission process.

Beyond the schools, I would also introduce similar rigorous competition for entry into universities and in the awarding of scholarships. The present policy of continuing the scholarships of students who fail to maintain satisfactory academic standing must be stopped. Those who do not make it must have their funding cut off.

Again with university admissions, I would broaden the definition of merit. Today public universities interpret merit narrowly; they do not factor in participation in extracurricular and other activities. This is misplaced. A generation hence we will have graduates who will be nothing but one-dimensional bookworms. There must be slots in the universities for those who have excelled in other spheres. Thus someone who has a less than sparkling academic record but who has successfully led his rugby team to the state championship surely has leadership qualities and deserving of a spot on campus. Similarly those who have

extraordinary talent in the performing arts should also be given an opportunity.

There should also be competition in the public service and society. Today for example, admission into the public administrative service is almost exclusively from the liberal arts stream. Widen the talent pool to include anyone with a degree; actively sought engineering and science graduate. With their quantitative skills they would make excellent managers.

Promotions within the civil service are exclusively from within, hence its present intellectual and professional insularity. Revamp the personnel policies that state you must have five years seniority before you can be promoted to a senior management ("superscale") position. This unduly restricts the much-needed infusion of fresh talent at the upper levels. When one examines the resume of the heads of ministries (Secretaries General), they are almost always liberal arts graduates even in those ministries with high technical component like the Energy, Public Works, and Transportation. I would have thought that an MBA in finance would be the necessary qualification for a senior position at Treasury, but few in that department has this qualification. Thus this embarrassing response from a former senior Treasury official I met recently when we were discussing interest rates, "An interest rate hike of 5% to 6% represented only a 1% raise!" (To those with even the minimal understanding of mathematics, that represented a massive 20% hike!)

Instances like this make me recommend that the next time a senior position in the civil service becomes vacant, the government should open up the recruitment process. Consider candidates from the private sector and academia, instead of relying exclusively from within.

Malaysia has gone a long way in its privatization projects. But unlike Britain and America where these projects are awarded based on competitive bidding, in Malaysia they are awarded solely at the discretion of the minister. He or she alone presumes to know who would be successful in running the new entities. Unfortunately the track record thus

far has been abysmal, from MAS to sewerage water treatment facilities and steel plants. No surprise then that many of these projects have been abject failures, costing the taxpayers a hefty bundle. Had the government awarded these projects based on open competition, not only would the government have received considerably more for its valuable assets, but those projects would more likely end up in competent hands. Even if the government were intent on giving them to Bumiputras to satisfy its NEP goals, it should still have open competition to pick the best candidate, albeit the competition would be limited only to Bumiputras. Preferably I would open the competition to all, including foreigners. If in the end the government were to award the project to its favorite Bumiputra, at least it would have known how much more of a premium that decision would have cost the government. This would also keep the winning Bumiputra from being smug and getting a highly inflated sense of his or her capability.

Lastly if Malaysia is to be competitive, it must reward those citizens who have proven themselves to be successful and competitive. Earlier I alluded to the royal honor lists, but there are many other ways in which to reward successful citizens. For example, every year the nation continually laments on the lack of Malays in science, and every year yet another novel scheme introduced to induce Malays to pursue the subject. But the results remain disappointing. The reason of course Malaysia does not reward those already in science. Suppose instead of forever exhorting the young to take up science, the leaders instead visit the universities and pick those Malays with outstanding PhDs in the sciences and appoint them to the board of directors of the multitude of government-owned companies like Petronas, Pernas, and Renong. For one, these PhDs would be, as a group, a lot smarter and faster learner than the usual civil servants and politicians currently appointed to those positions. These smart individuals would also better protect the taxpayers' interest. Two, the nation would be sending an important message to these Malay scientists and engineers. The nation cannot pay them extra as professors (the history professors too would want similar

treatment) but it can reward them financially by appointing them to these boards. That message would later filter down to the young. That would prove to be a far stronger motivator than all the endless fiery rhetoric.

When I examine the boards of many government-sponsored companies that have failed, invariably they are made up of mediocre Malays from the civil service and political establishment. The most spectacular corporate failure was of course Bank Bumiputra, the very symbol of Bumiputra participation in the modern economy. Look at its board. Had the authorities appointed brilliant Malay scientists and engineers, the fate of that institution would be far different.

Thus to create a new breed of competitive Malaysians, they must be exposed to greater, not less, competition. Competition must be a regular event in their lives. I can use the example of picking the best athletes. First there would be competition at the local village or school level. At school, there would be competition within, as between classes and houses. Then the winners would move on to the next level, between villagers or schools. From there the winners would go on to the state level, and then on to the national and international levels. At every level we should not be surprised with upsets or new stars being born. It would be presumptuous for a coach or athletic director to earmark someone from the village and immediately groom him for a national meet, no matter how promising the candidate looks. He has to prove himself in a real competition first. And only if he shines there would he then be taken to the next level.

Competition does not simply mean gauging one's performance against another competitor. One can compete against oneself. Taking the example of the track athlete. He may not win or be the first in his league for the 100-yard dash, but by taking part in the competition, he would find that his time this year would be better than last year's. And if he continues with his training and competition, his personal time the following year would again be better. The object of competition is not

necessarily to be to first or to beat the next fellow, rather to bring out the best in each one of us.

To enhance this competitive habit, the social institutions and culture must also be geared to encourage and reward this trait. How that can be achieved would be the subject of my next chapter.

Before proceeding to that, some final thought on the flip side of competition. Invariably in any competition, there will be those who fail. Society must address this inevitable consequence. A society's attitude towards failure and those who fail will have a significant bearing on encouraging risk taking and success. Failure is the other side of success. You cannot have success if you do not have failures. The remarkable aspect about America is that failure is not looked upon derogatively. Even a financial bankrupt will have, after a few years, a clean slate. Thus failure is viewed not as a permanent state, rather a stage. He or she is given every opportunity to pull out of it.

One of the wonderful aspects of the American educational system is that every school has an adult program to cater to those who have missed out or failed earlier. Universities too, as mentioned earlier, have extension or "General Studies" division to cater to non-traditional students. The typical American undergraduate could (and indeed many do) take a year or two off to travel or work, without losing their academic credits. Similarly, failing students could retake their courses, change their major, or take time out to rethink matters. The system is very forgiving. There are many second chances.

At the social level, the various social safety net programs are meant to take care of those dislocated or who stumbled. As Malaysia enters globalization, one thing is certain, many of her citizens will be dislocated. The state must do its part to take care of them. Malaysia already has an excellent public health care system. It is not luxurious but is adequate. The waiting lines may be long and the service often wanting, but no one is turned away. Similarly, Malaysia has the Employees' Provident Fund (EPF). I would extend that to include all workers including those self employed in the "informal sector" (hawkers, fisher-

men) by making it attractive for them to participate. I would also extend EPF beyond being simply a retirement fund to become a disability and unemployment insurance program. But in weaving a social safety net, it is important that Malaysia does not copy the examples of Western Europe and America by making it too comfortable or generous. As one wag put it, the surest way to ensure unemployment is to have unemployment insurance. The safety net should take care of only the basic needs. Too comfortable a safety net, and you will have a hammock.

With a safety net in place, citizens could have peace of mind; then they would more likely take on challenges and risks. But the greatest safety net of all is the support of close family and friends. One danger of a generous social security program is that it breaks down familial ties, as is happening in America. Adult children, knowing that their parents would be taken care of by the state, abrogate their filial responsibilities. In the next chapter I will expand on the influence of the family on society and vice versa.

While Malaysia must strive to increase competition among its citizens by rewarding those who succeed, it must also ensure that those who fail be given ample second chances.

obvious to foreigners and Malaysians residing abroad. I can always tell a group of Malaysians regardless of whether they are Malays or non-Malays. The obvious give away is the language. I do not mean the distinctive Malaysian accent or such peculiarly local habit as ending every word and expression with *lah*, rather the sentence structure, manner, and style of language. Many linguists now recognize Malaysian English as a distinct entity: Manglish. Appropriate enough name, for to the uninitiated it does appear that the language is being mangled. Case in point is the tendency to verbalize nouns as in, "I *story* you one day," meaning, I will tell you the story or explain it to you one day. Similarly, "I *off* the air-conditioner," meaning, I have turned it off.

When Malaysians travel in a group abroad they love to display their identity by wearing the same set or colors of clothing. Of course Malaysian-tailored suits are a dead giveaway! As the locals would say, "*Ta'ada cutting lah!*" (No style!) To be sure, Malaysians are not as self-conscious of their group identity as the Japanese, who would typically line up behind their banner-carrying leader. Another Malaysian cultural trademark is the utter lack of respect for time and punctuality. I have never been to a Malaysian function that started on time. Delayed events happen even in the West, but what is remarkable is the utter lack of a sense of urgency among Malaysians when things are tardy. Foreigners in Malaysia discover soon enough the concept of "Malaysian time."

I recently received an e-mail enquiry from a non-Malaysian editor in Malaysia about excerpting my first book in his publication. I replied immediately, as I do all my e-mails. It is no sweat; all I have to do is click the reply button and type a few words. No stamps to lick or envelope to stuff. Imagine my amusement when he responded back that I must have left Malaysia a very long time ago as I have lost that Malaysian habit of ignoring enquiries!

Similarly, ostentatious living, in particular lavish weddings, luxury cars, and first class travel, is fast becoming a Malaysian cultural artifact. Senior Malaysian government officials routinely travel first class and

stay at five-star hotels. If comparable California state officials were to do the same, they would be publicly excoriated for wasting taxpayers' money. And California is many times wealthier than Malaysia! Nor are such extravagances restricted only to government officials. Even university's deans and external examiners are given first class air tickets, while at the same time claiming that they have no funds for their libraries and laboratories. Misplaced priorities!

Similarly with mega weddings; initially they were restricted to royal families. Today children of every big shot fancy themselves as princes and princesses. Each wedding appears more gaudy and lavish than the previous one. The recent marriage of Abdullah Badawi's daughter was even more spectacular than that of a princess, and topped the earlier extravaganza for Sammy Vellu's (a federal minister) son. There was no sense of embarrassment on the part of the participants. I shudder to imagine the next real royal wedding. Malaysians, and Malays in particular, take to heart the tradition of the wedding couple being the king and queen for the day.

The gala wedding of Abdullah Badawi's daughter deserves scrutiny for another reason. A recent editorial in the *New Straits Times*, the mainstream paper owned by the ruling party, carried a laudatory piece on the deputy prime minister. One of the items mentioned was that the man did not even own a house; he had sold it earlier presumably to finance his daughter's education. Very praiseworthy! The article went on to highlight Badawi's humble and common origin. Obviously the essayist was totally oblivious of that recent mega wedding which was so generously covered by his own paper! Badawi may not be able to afford even a terrace house, but he sure could put on a lavish wedding. And this man has no qualms on lecturing Malays to be prudent in our ways!

On a positive note, another Malaysian tradition is the "open houses" to celebrate festivities. This was initially a Malay phenomenon for *Hari Raya* (end of Ramadan celebration) but it has now spread to other festivities including Christmas and Chinese New Year. Undoubtedly sociologists will find other common elements among Malaysians.

These will undoubtedly increase as Malaysians become more integrated.

Such commonalities aside, Malaysians still very much retain their distinct and diverse cultures. Unlike Americans, Malaysians do not subscribe to the "melting pot" theory, preferring its own "salad bowl" model instead, where each element retains its own distinctive color and flavor. In their totality the various ingredients create a unique blend that is the Malaysian culture. It is generally recognized that Malay culture is the defining characteristic of the "Malaysian" culture. An extreme few would have Malay culture be *the* Malaysian culture, but this is nothing more than the conceit of control freaks who feel that they could impose their views on such an elusive entity as culture. To pursue the culinary metaphor, Malay culture is the lettuce or greenery of the salad, the dominant or primary component. There may be other ingredients like onions and black olives, but they are there to enhance the overall flavor and appearance. Too strong an onion or too many black olives, and the overall flavor will be spoiled.

In my discussion here on the role of culture in contemporary Malaysia, I am purposely restricting myself to the culture of Malays. I do this for two reasons. One, it is the defining culture and more importantly, the culture of the ruling elite. Two, I am familiar with it as it is also my own culture. By doing this I do not mean to denigrate or dismiss the other cultures that make up the Malaysian mosaic.

ECONOMIC CULTURE OF MALAYS

The aspect of Malay culture that is pertinent here is the subset termed "economic culture," that is, the beliefs, attitudes, and values that bear on the economic activities of individuals, organizations, and other institutions (Michael Porter's definition). I will analyze these on whether they are productivity enhancing or productivity eroding, that is, whether they add to or take away economic value from society.

I will concentrate on the three factors that, as previously alluded to, lead to progress or advancement of society. These are the cultural attitudes toward work, savings and frugality, and learning. First I will dispose of some stereotypes, indeed caricatures of Malays: we are lazy, do not save, and have no passion for knowledge. At the 2001 UMNO General Assembly, Mahathir introduced yet a fourth stereotype: Malays are an ungrateful and forgetful bunch. I simply dismiss this latest caricature because these traits (ungratefulness and forgetfulness) do not have any bearing on economic activity.

Anyone who has seen rice farmers slogging under the blazing Malaysian sun or fishermen bracing the fierce seas to haul in their catch would have to be simply rude and unbelievably insensitive to label them lazy. I challenge anyone to undertake those harsh physical labors. I have done my share of rice planting and rubber taping in my youth, and none of my subsequent jobs compare in any way with my earlier hard labor. Village life is tough and you would not survive if you were lazy. The difference between a Malay farmer and his American counterpart is not that the former is lazy or not hard working, rather the latter is so much more productive. American farmers use modern equipment and tools, and their government is enlightened enough to provide them with various subsidies and farm support programs. The average American farmer has a degree from the local A & M (Agricultural & Mechanical) University; his Malaysian counterpart barely finishes primary school. It is not hard work that made the difference, rather smart work.

Similarly when I was teaching medical students at the National University in Malaysia, I had to force them to take time out from their studies; they were such bookworms. These students were not lazy; indeed they studied twice as hard as their American counterpart and have not much to show for their effort as they were duplicating it. They had to read books in English and then translate them into Malay. I effectively halved their workload by making them present in English,

dispensing with the translations. That is, I made them study in a smarter and more efficient way.

I escaped village life not by working hard but by working more effectively. My fellow classmates and villagers were even more hard-working, but they were concerned with more grandiose goals like saving their race, culture, and language. Knowing my limitations, I focused on myself. Unfortunately many young Malays today are repeating the same mistakes of my earlier compatriots. I see today's young busy trying to bring reform and justice to the nation—busy trying to save it. They will be no more successful than my village friends of yore. If I can give today's young some unsolicited advice, it is this: Have a more modest goal and concentrate instead on bringing justice and reform to yourself and your family. You are more likely to succeed, and as you succeed, so would the country.

The challenge for Malaysian policy makers is not to endlessly castigate Malays for not working hard, rather how to channel their capacity for hard work more productively so they can see the rewards and be stimulated to work even harder. Nothing discourages a person more than to see one's hard work not producing results. Equally bad is to see someone not working hard and being rewarded for their laziness. Special privileges, by guaranteeing quotas and requiring a certain number of Malays be appointed company directors for example, encourage exactly this type of unproductive behavior. These are bad examples for the young.

Instead of forever lamenting that Malay farmers do not work hard, I would instead make sure that they are equipped with the necessary modern machinery and tools. Make tractors readily available to them, either to buy or rent. China manufactures small tractors at a fraction of the price of American brands. Import these machines and subsidize their costs. Better still, Malaysia has "national" car and "national" motorcycle projects, why not a "national" tractor project? Many Western countries subsidize energy, research, transportation, and other costs for farmers. Their commitment to free enterprise notwithstanding,

these countries have extensive farm support programs. If rice is tripled in price many would take up rice farming and the fallowed fields would be put into productive use. During the Korean War when the price of rubber skyrocketed, the government could not find enough recruits for its army and police force as young village men took to tapping rubber. Contrary to their leaders' thinking, Malays do respond to economic forces and incentives.

In the 1970's I came upon a program to help Malaysian fishermen outfit their fishing boats with diesel engines and icemakers to improve their productivity. The appropriate feasibility studies were, I am sure, done with great care and the necessary funding secured. But in the end the plan failed miserably. The authorities, as usual, reverted to pat pattern and blamed the "lazy" fishermen. The truth was far different.

For one, the plan was poorly executed. The government, through its Agricultural Bank, simply gave the money to the fishermen to buy the engines and machines. The suppliers, aware that the government was funding the project, immediately jacked up their prices, and the poor farmers ended up paying considerably more. Additionally, the dealers began charging for other supplies like hoses and clamps that should have been included in the price. The end result was that what was once a viable business proposition now became expensive and a money-losing venture. The fishermen were unable to afford to service their equipment and within a year the whole project collapsed.

When I suggested to the officer in charge that he negotiate with the suppliers for a preset price to include installations and a year of servicing or better still, train the fishermen to maintain them, he was taken aback. He had never thought about it. With the bank's clout, he could have bargained a hefty discount and passed on the savings onto the fishermen. With a reduced capital expense, the whole project could have been very viable.

When the project failed, I am sure the final official report would have been replete with references to our fishermen being ignorant and unable or unwilling to adapt to modern ways! In truth it is our officials

who are ignorant. That bank officer was interested merely in dispensing the loans that the government had mandated; he did not consider that it was his job to help the fishermen. Had he done more along the lines I suggested, not only would the fishermen (and their families) be better off, so would the bank. For one, its loans would have been repaid and two, the now well-off fishermen would ask for more loans to upgrade their fleet. As it was, the bank ended up repossessing rusted and broken down motors and icemakers. Sadly, I can multiply such episodes many times over. In the end it is the poor fisherman or farmer who gets the blame.

Another pat explanation for Malay backwardness is that we do not save. The resounding success of Tabong Haji narrated earlier gives lie to this claim.

There are of course many productivity-eroding habits of Malays. While I expect these to persist among rural dwellers out of ignorance, I would expect better from the more educated urban elite. Earlier I wrote about Deputy Prime Minister Badawi not being able to afford a home but could put on a lavish wedding, but ponder the following.

In July 2001, a luxury home in an exclusive part of Kuala Lumpur was burglarized, with RM 1.5 million worth of jewelry and RM 0.5 million in cold cash stolen. Imagine all that cash laying around idle! To economists, that idle money might as well have been under the mattress, as it was not contributing to the economy. It was not being circulated; it had zero velocity, in economists' language. Imagine the opportunity costs incurred. Had the money been deposited in a simple interest bearing account, at a conservative 5% annual return, it would have earned an additional RM 25K a year, or more than 2K a month, enough to pay for the salary of two teachers. Or guards! And the bank in turn could have loaned that money to some enterprising businessmen, creating more jobs and wealth for the country in the process. And then there was all that jewelry. Such ostentations! It is mind boggling to think that the owner of the house was one Tunku Shariman, a former top Treasury official and later CEO of hosts of huge govern-

ment companies (Pernas, etc). This Tunku may have had his economics degree but he could not escape from the cultural trap of putting his money in the cultural equivalent of under the mattress. Put another way, this Tunku (and others like him) may have left the kampong, but the kampong has not left him. In America only drug dealers keep that kind of cash around; every one else has Visa or American Express cards. I wonder how Shahrman managed his companies' cash flow? Come to think of it, many of the corporations he managed later filed for bankruptcy or were bailed out.

The third obstacle to Malay progress is the supposed lack of passion for learning and acquiring knowledge. I say supposed because if one wanders around in the villages especially during Ramadan, the mosques would be full of people learning about their faith: reading the Koran and listening to sermons and lectures by religious scholars. The sales of religious books in Malaysia are booming. Attend any village *kenduri* (feast) and one invariably hears some village elder fluently reciting from memory long passages of the Holy Quran. Imagine someone who does not understand or read English memorizing and flawlessly reciting Shakespeare's sonnets and plays! That takes immense intellectual effort, not to mention concentration and motivation. Had that talent been expanded to the understanding mathematics or critical thinking, there would be no limit to their intellectual achievements. Such scenes give lie to the stereotype that Malays do not revere learning.

Visit any village coffee shop and observe how well thumbed the newspapers are, having been read by many patrons. The only sad thing is that what they read in the daily papers is nothing but rubbish and government propaganda. If only Malaysian editors had taken their responsibility seriously and put something useful in their publications!

Malay parents readily send their children to religious schools; both the formal state sponsored ones as well as the *madrasahs*. My point is, Malays are eager learners. The problem is that Malay leaders, especially those with Islamic orientation, define knowledge narrowly. They are

keen only on religious knowledge, but knowledge of worldly affairs is not only discouraged but also frowned upon lest it would contaminate the religious knowledge. These leaders refer to religious knowledge as *ilmu*, implying reverence and piety. The *ulama* have artificially separated worldly knowledge from *ilmu*. Knowledge is knowledge, and truth is truth. There is no such thing as religious truth separate from worldly truth. Indeed the two complement each other. My knowledge of the natural and social sciences—so-called “secular knowledge”—enhances my ability to understand the Qur’an. One cannot have too much knowledge. Ultimately knowledge would lead one to be *soleh*, an asset to his community. Alfred Sabin, who in seeking knowledge discovered the vaccine for polio, is certainly my prime example of a human being who is *soleh*. With his successful elucidation of the secrets of the poliovirus, he was able to prevent the horrific disease. Allah would certainly look kindly to mortals like Sabin as He would an *alim*, if not more so.

On a visit to a village I was introduced to a proud parent whose son, after attending only two years of religious school, had mastered Arabic fluently. I complimented both father and son. Arabic is a very difficult language to learn and if the boy could master it so easily he should be able to command English, a far easier language, with ease. I encouraged the boy to expand his skills by also learning English, but his father would have none of it. The father is trapped by the traditional Malay culture that says learning English is tantamount to learning the ways of the infidels. Unfortunately many Malay leaders encourage this mindset by harping on the theme of English being the language of the West and colonialists, instead of the language also used by millions of Muslims worldwide. In mosques throughout America, the *khutba* (sermon) is delivered in English.

On another occasion I met a child prodigy who at the tender age of eight had memorized the entire Qur’an. His parents were duly proud of this accomplishment and could hardly wait for the youngster to make his public debut on the occasion of his circumcision, a Muslim

rite of passage. The child did not fail his parents; his pure pre pubertal voice rendered his *tajweed* (oral rendition of the Qur'an) so exquisite that it elicited cries of pious swooning from the guests. I cannot help imagining had that talent also been used to study mathematics or choral music, what new vistas he would bring. For someone to be able to memorize the entire Qur'an at such a tender age, his brain must be specially wired to recognize visual and aural patterns—a truly special gift from God. This is the same talent that could easily comprehend the abstractions of mathematics and music. Again his parents were trapped by culture. They felt that studying calculus or music would detract from the child's religiosity. To my mind it would have enhanced it. The best that his culture could do for him was to make him a religious teacher. Today he is found reciting the Holy Book at religious functions, his natural talent stunted and not used to its maximal capacity.

The challenge for Malay leaders is first to disabuse themselves of this artificial distinction between secular and religious knowledge, or that one is superior to the other. That is the difficult part. Once they have done that, then they can begin to influence their followers. That would be the easy part.

All knowledge is important. That the seeking of "secular" knowledge in anyway detracts from the pursuit of religious ones is nonsensical. We should seek knowledge from whatever source. A well-known *hadith* says that Muslims should go to China if we have to, in the quest for knowledge, China being the epitome of the end of the world in the prophet's time. The modern equivalent would be that we should go to outer space to acquire knowledge. The prophet (pbuh) knew that the Chinese were not Muslims; nonetheless he encouraged his people to learn from them.

All knowledge is ultimately derived from God. When Western scientists elucidated the secrets of the atom or the human gene, this knowledge is for all of mankind. Malays would definitely be the loser if we ignore such discoveries and do not make full advantage of them

simply because they are works of infidels or that such knowledge is "secular," and thus unworthy of our attention.

CULTURE AS AN AGENT FOR CHANGE

Culture, far from being an impediment to progress, can be harnessed and made into an agent for change. Many are calling for a cultural revolution among Malays, but having seen the disastrous consequences of the Chinese Cultural Revolution and other social upheavals, I am not too enthused. Today's Malay armchair "revolutionaries" are calling for a *revolusi mental* ("mental revolution"). They would have Malays give up our cherished traditions and become *kurang ajar* (uncouth or crude) in order to compete effectively in a globalized world. Some are calling for Malays to colonize others! I disavow such radical steps. Revolutions are by nature brute and crude; there would be just as many losers as winners in the end. We have seen the negative consequences of the *reformasi* (reform) movement. Instead of bringing much needed reform, it further divided and polarized Malays. *Reformasi's* other legacy, somewhat more mundane but still very disruptive, is the bitter aftertaste of rowdy street demonstrations, vandalized roadside businesses, and massive traffic jams.

A more effective strategy would be to use elements of our present culture and modify them appropriately to suit modern conditions. In this way our existing culture and traditions would provide the anchoring stability as we explore new paths. I advocate evolutionary, not revolutionary changes. My principle is best illustrated with an example.

A Latin American government commissioned an American consultant to study why its leather handbags were not competitive in New York. American consumers are among the most sophisticated and fussy, and if a manufacture could compete there it could compete anywhere. First the consultant asked the handbag maker why the price was so high and the quality low. She immediately blamed the tanneries for the poor and high-priced leather. They used harsh chemicals and were

rough on the hides, she complained. She could improve her products considerably if only she could buy the cheaper and better quality imported Australian leather, but was prevented in doing so by the severe tariff. The consultant then went to the tanners and asked why their leather was of poor quality. Blame the slaughterhouses, they replied, for not taking care of the hides and for being careless in cutting and handling them. They had to use those expensive chemicals and harsh treatment otherwise the hides would be useless. Off to the slaughterhouses the consultant went. "Look at those cows with their large ugly brands," replied the butchers, "that damage the skin and make it difficult to handle." For good measure they added, "Blame the rancher for putting those mutilating large brands!" The ranchers had their own ready explanation. They had to use those huge brands so thieves would not steal their cows. Besides, they added, those cows rub themselves against barbwire and infect their skin. Blame those dumb cows! So in the end it was those dumb cows that caused the nation's leather handbags for not being competitive in New York.

In Malaysia, when I hear the leaders blame the failure of their policies on "lazy farmers" or "dumb Malays," I immediately think of this "blame the dumb cow" episode.

In the above case one does not need a high-priced consultant to find the solution; the chain of blame could be broken at many points. First, the government could allow manufacturers to use their business judgment to get the best material at the best price even if that means using imported materials. Imagine if the tariff for leather was removed. The positive effect would be seen immediately in better quality handbag at lower prices. But there would be other improvements down the chain. The tanneries, finding that they could not sell their poor quality local leather, would no longer accept poor hides from the butchers. The butchers, unable to sell their mangled hides would now charge the ranchers extra for the added expense of disposing the useless skin. The ranchers in turn, finding that the extra charge would eat into their profits, would now find other ways to ward off poachers, like getting

extra guard dogs and hiring more guards. Imagine the ripple effect of improved productivity and quality all along the production line just by introducing competition at one level. Mind you, the cows are still dumb, only now the people involved in the industry are not as dumb as the cows!

The solution may be easy and obvious, alas adopting it requires a strong political will that is so often lacking in many leaders. Imagine the intense lobbying by the tanneries, butchers, and ranchers to removing the tariff on imported leather. But unless local industries are forced to compete globally, there will be no impetus for them to improve and innovate. The positive effect of globalization is this one world standard. The handbag manufacturer simply wants to get good leather to make good handbags; she does not care where her ingredients come from. To her, the prime considerations are price and quality, the very same concerns of her consumers.

My earlier example of the fishermen and their diesel motors is a dramatic example of "blaming the dumb cow" syndrome that is so prevalent in Malaysia. Another was the program in the 1980s of sending thousands of young Malays abroad for further studies at a cost of billions. For all the money spent, there was very little to show for the expensive effort. Most of them ended up at marginal universities. The authorities had the mindset that since they had selected the students and spent so much money preparing them, they were to be kept abroad until they graduated even if that took years. None of the failing students were recalled; instead they kept transferring from one mediocre university to another. Even when the students dropped out, they still collected their stipends. When the officials were queried, yep, they blamed the lazy and ungrateful students!

But had the officials been more rigorous in their selection process and insisted on funding only the most capable and industrious students, they would have elevated the bar considerably and the students would have responded accordingly. And in the process saved the nation a bundle of money. But by tolerating mediocrity, they encouraged it.

The truth is, Malaysian civil servants are not a terribly bright bunch. They in turn had low expectations of the students. President Bush, in his criticism of liberals in their "soft" treatment of failing minority students, warned of the "soft bigotry of low expectations." There is no bigotry here; rather, dumb civil servants selecting dumb students. It takes talent to recognize one, and the civil service is sorely lacking in that.

Nor has the government learned its lesson. In 2001 in an attempt to increase computer ownership, it allowed workers to withdraw part of their pension savings to buy computers. But the red tape was, as usual, a major hassle. Additionally, the government forced workers to buy their computers from only one vendor. He was no doubt awarded the contract without any competitive bidding, a manifestation of Malaysia's crony capitalism. As a result, entry-level computers were overpriced to the tune of 10-15%, or about RM400 per unit. The inflated price ensured a hefty profit for the lucky vendor but at the expense of thousands of would-be consumers. When workers balked at paying such steep prices and the program failed, the government blamed the workers. Again, blaming the dumb cow!

The government should have trusted the workers and just gave them their money directly and let them do their own shopping. The workers would have the incentive to get the best deal. There would then be greater competition in the market and the prices would go down and the quality of service up. Sure, they will be a few who would use that money for other than computers, but that would be their loss.

Had Malaysian leaders avoided blaming the "dumb cows" with the failures of many of their programs aimed at helping Malays, and instead concentrated on correcting the deficiencies and weaknesses of the programs, Malaysia and Malays would be much further ahead today.

THE INSTITUTION OF FAMILY

The family is the most important social institution. To sociologists, it is the basic unit of social structure. Article 16 of the United Nations Declaration of Human Rights states that the family is the natural and fundamental group unit of society, and is entitled to protection by society and state. It is in the family that the young are acculturated and imbued with the values and norms of society. One learns what is right and wrong and differentiates the good from the bad through the family. Thus no matter how noble and moral the values of a society are, all that would be naught if those very same values are not transmitted to the young because of the breakdown of the family.

President Reagan in his State of the Union Address in 1985 following his landslide reelection declared, "For an America of wisdom that honors the family, knowing that as the family goes, so goes our civilization...." The anthropologist Bronislaw Malinowski observed that the biological role of the human male would be similar to that of other male species, that is, to impregnate and disappear after having fulfilled his duty to propagate his specie. "And yet," Malinowski wrote, "in all human societies the father is regarded by tradition as indispensable. The woman is to be married before she is allowed legitimately to conceive...An unmarried mother is under a ban, a fatherless child is a bastard. This is not by no means a European or Christian prejudice; it is the attitude found amongst most barbarous and savage people as well." Malinowski's observation is one of the few universalities of human social behavior.

Related to the institution of family is that of marriage. Marriage is the genesis of the family; it is an institution universal to all cultures. The centrality of marriage can be attested by the fact all cultures have elaborate ceremonies to sanctify this matrimonial union between man and woman. It also signifies that all societies place a premium on the importance of the family. While marriage is universally recognized as a heterosexual union, there are notable exceptions. In America, with the

greater acceptance of homosexuality, same sex marriage is increasingly recognized by many states, and with it such rights as the ability to adopt children and of survivor benefits. Among the Dahomey of West Africa, one woman could "marry" another, with the first woman being the "father" of the children (by other men) of the second woman. A comparable phenomenon is seen in wolves where when the male leader of the pack is killed, and in the absence of another adult male, the most senior female assumes the role of a male, or "father" of the pack.

Sociologists may have a variety of normative descriptions of what a family is as viewed by different cultures. Such variations notwithstanding, the central element remains with the father and the mother, together with all their children. Western cultures may emphasize this nuclear family; Eastern cultures may expand that to include the extended families (comprising of members of one or more generations). Regardless, the primacy of parents—father *and* mother—remains. The oft quoted African saying to the effect that it takes a village to raise a child does not in any way absolve parents from their primary responsibility of raising their own children.

Much can be learned about a society by studying the state of the family. Many of the social problems encountered today—delinquency, child and spousal abuses, school dropouts, and incest—can all be correlated with the breakdown of the family. The deterioration of American society, in particular minority groups, can ultimately be traced to the disintegration of the American family. The statistics are alarming. In 1960, 7% of White and 17% of Black babies were born out of wedlock, but by 2000 the figures skyrocketed to 27% and 77% respectively. In 1960 about 45% of American families were the traditional nuclear family, but by 2000 the figure dropped to only 23%. There has been an alarming increase in the number of single parent families.

In 1965 Daniel Patrick Moynihan, while serving in President Johnson's administration, issued a report highlighting the "tangle of pathology" in poor urban Blacks that was in part traceable to the rapid breakdown of the Black family. This prescient observation, widely crit-

icized at the time for being racist, predicted that this trend, unchecked, would portend a more general disintegration of society. The wisdom of that insight is now obvious, and its truth universal. It applies not only to Blacks and other minorities but also to Whites. Although there are no rigorous sociological studies in Malaysia comparable to the American ones cited by Moynihan, I am convinced that many of the social problems can be traced to the breakdown of the Malaysian, in particular Malay, family.

Such studies are complicated by the lack of uniformity in the definition of the family. Although legally in Malaysia a husband with multiple wives would be considered as an intact family, in dynamics and reality it is a broken family. The children of the "senior" or abandoned wives are in all respects living in a fatherless home. Those children rarely see their father; they lack the all-important father figure not only to tell them right from wrong but more importantly, to give them the much-needed words of encouragement and a pat on the back when the inevitable mistakes are made. Or when they simply need some warm tender hugs. And when they grow up and get married, they will continue the same pattern set by their absentee fathers. They will also in turn abandon their own children. And the pattern would continue, inflicting damage on subsequent generations.

Although I have not seen any empirical studies, I predict that the sons of men with multiple wives will also more likely to have multiple wives of their own. I also hypothesize that juvenile delinquents in Malaysia are more likely to be the products of broken homes and or families with multiple wives.

The only reason Malaysia's problems are not much worse than those in America is because Malaysia still has a strong extended family system to take up the slack. Thus abandoned children still have their uncles and aunts to fall back on. It is in urban areas where the bonds of the extended family are not as strong or nonexistent that we see the most sinister effects of the breakdown of the family. No surprise then that

incest, *lepak* (loitering), *bohsia* (delinquency), drug abuse, and other indicators of social disintegration are primarily urban phenomena.

In America, if a child is born into an intact family, that is the best predictor whether he or she will succeed in school and end up in college. The reverse is equally true, that is, a child from a broken family is more likely to end up in the criminal justice system.

The popular media often cite researches done by Malaysian academics on the racial differences in the academic performances of pupils. The impression left from many such studies (and certainly the interpretation of the media) is that race is a major causative factor. Yet when I examine the original publications and scrutinize their statistics and methodology, I am always disappointed in their basic design and conclusions. Malaysian social scientists are trapped by the race bugaboo. I have yet to see published studies comparable to the Moynihan Report that factor in the status of the family, income, and location (urban or rural), that is, variables other than race. It would not surprise me that such a study would confirm Moynihan's observation that a broken family is a major predictor of a host of social pathologies, instead of, as frequently noted, race.

Such studies are not difficult to undertake, but their designs and interpretations would require the researchers to be well versed with modern statistical tools like regression analysis. For the most part, Malaysian social scientists, especially those locally trained, are mathematically challenged.

I am appalled and saddened at the statistics on the family, especially among Malays. The number of teenage marriages is truly obscene. These young girls are not ready for motherhood. Think of the potential for personal growth thwarted by such early marriages. Malaysia must enact a minimum age of at least 18 for marriage. The divorce rates too are horrifying. These are actual divorces and do not include such cases of *de facto* divorces, that is, when Malay husbands simply abandon their wives or take on multiple wives. When one examines the structure and dynamics of such abandoned families, they are no differ-

ent from divorced households. The children of families of multiple wives are just as neglected as if the father had divorced their mother.

I am baffled and horrified that these Malays think that they can take care of their many children in absentia. There was a case in Johore where a man sired literally dozens of children through multiple wives. How can he be an effective father to his brood? Muhyiddin Yassin, a current federal cabinet minister and an UMNO senior vice president, has 48 siblings! His father, a respected *ulama*, had four wives. What kind of an example was he trying to set? If he wanted to emulate our holy prophet, why did he choose this particular trait? How could he have bonded with his multitude of children? The notorious terrorist Osama bin Ladin came from a family of 54 children! His father had numerous wives. No telling how many more children his old man would have had he lived to a ripe old age! Totally irresponsible! He made a mockery of the institution of marriage and family. I doubt he could even remember his children's names, much less their birthdays and favorite toys. It is no surprise that Osama, like his father, also has multiple wives, an anecdotal affirmation of my earlier statement.

A rapidly emerging pernicious influence on the Malaysian family scene is the widespread practice of delegating child rearing to maids. Every year the country imports thousands of illiterate women from poor neighboring countries to be domestic help. The dangers here are twofold. One, young Malaysians are fast turning into spoiled brats with their whims taken care of immediately by these maids. Two, these maids may unconsciously impart an alien value system on the young. It is one thing to have maids do the household chores so mothers could have some quality time to spend with their children, it is quite another to leave child rearing to foreigners.

If Malaysia were to import foreign workers, I would prefer them to be skillful programmers, creative musicians, and talented scientists. At least they would then impart their special talents onto locals. All these unskilled maids do is to make Malaysians feel smugly superior. It seems that the new status symbol in Malaysia is the number of household

maids. The Australians have a per capita income considerably higher than Malaysians, yet they do not feel the need to import maids. The Australians have a totally different cultural value on child rearing.

I have only three children yet my wife and I had a tough time coping with their homework plus all the problems of growing up. Many Malays blithely take on many wives on the stupid pretext that because our prophet had multiple wives, Muslims too should do likewise. Why, of all the many sterling qualities of our holy prophet (pbuh), present-day Malays choose to imitate this particular trait? They forgot that when Mohammad (pbuh) had multiple wives it was an expression of his charity, to take care of widows and orphans during times of social stress as in war, a far cry from the priapic propensities of today's Malays.

The Chinese culture too has its own version of broken families: the habit of taking on concubines. With modern laws recognizing the children of such unions as legitimate heirs, such practices are now declining. The only redeeming aspect of communism in China is that it got rid of the concubinage.

Malaysia should emulate Turkey and Tunisia and ban polygamy, or if that raises the ire of fundamentalist Muslims, place strong disincentives. I suggest that before anyone takes on another wife, he must have a trust fund of RM 100,000 for the benefit of each child he already has. There are just too many irresponsible fathers even among the educated class. And divorced fathers must pay child support. In America through court order, the paychecks of errant fathers are garnished to benefit their abandoned children.

Sadly, the *Shari'a* court system that has jurisdiction over family affairs of Muslims is a misogynist institution. Its record in protecting children and abandoned wives is abominable. One solution would be to give Muslim couples and families the option of choosing the civil court system if any one party requests it. Were this to happen, the monopoly of the *Shari'a* would be broken and then we would know

how much faith people have in it. That would also serve as a stimulus for much-needed reforms of the system.

One critical area in need of great reform is divorce. The era when Muslim husbands could abandon their wives by simply declaring, "I divorce thee" three times (*talak*), makes a mockery of the sanctity of marriage. It takes a lot to get married in the first place, and divorce should not be undertaken lightly. Even more degrading to the institution of the family is the acceptance by the *Shari'a* of divorce pronouncements made by husbands on their cellular phones! The divorce provisions of the *Shari'a* must be reformed to reflect present day norms of gender equality.

Strengthen the family. This is not a women's issue; it concerns everyone. Besides, it is the right thing to do. A stable family is the foundation of a strong society. Malaysia spends billions in trying to correct its myriad social pathologies, and is losing much more because of the lost potential of her blighted citizens. More resources must be diverted to strengthening the institution of the family. I am truly gratified that many Malaysian leaders beginning with Tun Razak had exemplary family lives. Both Mahathir and his present chosen successor, Abdullah Badawi, have not only carried on this fine tradition but they are also one of the few Malays who choose not to have multiple wives or large families.

There is in America today a growing appreciation that the failure of many minority groups to advance, despite affirmative actions and civil rights legislations, is attributable to the decline of the family in that subculture. Today, a Black child born into an intact family, that is one with a father and mother, is a definite rarity. Unfortunately there is no respite from this tragic trend. This sad reality is finally dawning on enlightened Black leaders. They are now desperately trying to reverse this trend by strengthening the family. Lest anyone would ascribe ugly racial undertones to these observations, this same negative trend was also seen among Whites. And as so wisely pointed out by Moynihan, at the turn of the 19th century the same social pathologies seen in Blacks

and Hispanics today were also seen among Irish immigrants. At that time it was the abrupt transition from country to city life compressed within a generation that was so immensely disruptive. Such a social milieu gave rise to the wild Irish slums of Boston and New York with their drunkenness, corruption, family disorganization, juvenile delinquency, truancy, and other social pathologies.

Malays today are undergoing a similar disrupting transition from a tranquil rural kampong life to a hectic urban one; all compressed within a generation. Such rapid changes take their toll on traditional institutions like the family. Thus it should not be a surprise that Malays are experiencing such social turmoil as reflected by the alarming rates of truancy, school dropouts, and divorce rates.

Despite a generation of affirmative actions and other special set-aside programs in America, Blacks and other minorities still lag behind. Well meaning legislations cannot undo or reverse the damage done by the disintegration of the family. Similarly in Malaysia, after more than a generation of ever increasing and more generous special privileges, Malays are still lagging. Sadly, many Malay leaders are falling back on the same old stereotype and clichés to explain this failure. I suggest that Malays still lag despite preferential treatment because the institution of the Malay family is being severely stressed and threatened. Unless the institution of the family is strengthened, no amount of special programs will help. There is simply no substitute for a strong, stable, and intact family.

LEADERSHIP

Leadership to a society is what wings are to planes. Without wings planes will not fly, and without leaders there will be no society or any social unit. Wings also define the limits on the performances of the plane. Early planes had double stacked wings, the biplanes, which effectively doubled the lift at low speed. But with stronger engines and planes flying faster, that design became very limiting as the drag factor

increased rapidly at higher speed. Thus new models were introduced with a single pair of wings, but fitted with adjustable curved flaps at the leading and trailing edges that could be extended at low speed (as at takeoff and landing) to effect maximum lift, and then retracted at high speed to reduce drag. This flexibility in shape enables the wings to function efficiently at both low and high speed. With the development of jet engines and even faster planes, even this design has limitations, and soon gave way to the backswept wings (still with flaps) that gave even better lift/drag ratio. With supersonic jets, the design is further improved with the delta wings that could be retracted to further reduce drag at super mach cruising speed. With the extreme speeds of rockets and missiles, wings are essentially irrelevant, reduced to tiny flaps at the tail end.

So it is with leadership. In the beginning when society is undeveloped and its citizenry unsophisticated and uneducated, you need a leader who is a strict disciplinarian and could command instant respect by his charisma. This type of leader is best exemplified by the drill sergeant major who could whip out a bunch of ragtag village bums into spick and span recruits within a few months. But as those recruits become officers or if one is training an officers' corps, then one needs a different type of leader. The yelling drillmaster would definitely be out of place. Similarly if one is leading a group of intelligent people, one needs a different style of leader. If a university president starts barking orders like a military commander, he would not last long. His claim to leadership would be through his scholarly example and intellect, and by sharing his vision with the rest of the academic community. An orchestra conductor calls for another style of leadership. His claim to the podium is his own talent and contribution, and his ability to bring out the best out of his musicians. And if the orchestra fails, chances are it is the conductor who would be blamed, not the musicians. In an orchestra, there is no such thing as a leadership challenge to the conductor. The first violinist does not aspire to be the conductor, nor is

she scheming to take over the job. She (or he) is satisfied with being a superb musician in her (or his) own right.

South Korea's General Park was the right man at the right time for his nation. His military bearing and no nonsense approach was what his unruly, ill-disciplined, and backward people needed. He ruthlessly and quickly whipped his ragged nation into a cohesive productive unit, using nationalism as his rallying cry. Unfortunately a decade later, as a result of the very success of his program, his style became a significant liability. After a decade of spectacular economic development, with his people increasingly becoming highly educated, Park still had the old biplane style of leadership, totally unsuitable for a nation that was now taking off at jet speed. His successors were no better; they were all military men stuck in the same biplane mode of leadership. Fortunately South Korea today is being led by a civilian with a flexible style, akin to wings with retractable flaps that could be adjusted accordingly.

The track record of the leadership of many newly independent countries is a sorry one. One of the reasons is that these leaders overstay or do not recognize their limitations. Often a leader who is good at leading the nation at war is the worse kind for a nation at peace. The British knew something of this when they kicked out Churchill soon after he successfully prosecuted World War II. That may seem to be the height of ingratitude, but often that is the best course for the nation. Had Churchill stayed on he would have plunged Britain and the world into another war against the Soviets with his Cold War rhetoric. Unfortunately many Third World leaders who successfully led their countries in their war of independence hung on for too long even though they had proven themselves to be incompetent peacetime leaders. Sukarno may be brilliant at outsmarting the Dutch and using world opinion to his side in securing his nation's independence, but those were very different skills needed in the day-to-day mundane details of running a new nation. As result Indonesia was driven to the ground under Sukarno, and never recovered. Similarly in the Indian subcontinent, Gandhi may have successfully shamed Britain into

granting India its independence by his nonviolence movement, but that same strategy was impotent in dealing with the animal hatred Hindus and Muslims there have for one another. Independent India needed a Park, not a Ghandi.

When Malaysia became independent in 1957, expectations were necessarily low: just keep the status quo and not muck things up. Malaysians were satisfied with what the colonialists left them, just maintain that; do not rock the boat. Tunku Abdul Rahman, the country's first prime minister, was ideally suited for this role. A committed anglophile, he was more than happy to oblige. With his happy-go-lucky attitude and less-than-gifted intellect, he need not come up with any innovative ideas or programs. Indeed none were expected. His good nature and affable ways were enough to smooth the differences that surfaced. In the immediate post-independent Malaysia, success was measured not by the number of brilliant innovations and imaginative policies, rather in maintaining the status quo.

But after a decade of independence, Malaysians had become increasingly confident. Their horizon expanded. The status quo, no matter how admirable it seemed in the beginning, did not solve the pressing problems facing the nation. Unfortunately, the Tunku did not notice the changes. It was like a plane that now had a more powerful engine, but its wings were still the biplane type. The inevitable result was a crash; the old wings were too much of a drag. Tunku became a liability, and he discovered that only too late to prevent the devastating May 1969 race riot.

Tunku was replaced by his long-time deputy, Tun Razak, a man his polar opposite. Where Tunku was all smiles and affable, Razak had a constant dour demeanor and a perennial scowling look; where Tunku was intellectually shallow, his Cambridge degree notwithstanding, Tun Razak was brilliant and innovative, confident of his own considerable intellect, and unafraid to pursue his own policies without having to await the approval or adoration of his followers.

Tun Razak's first order of business following the devastating riot of 1969 was to suspend parliamentary democracy. That precipitated howling protests from within as well abroad. But Tun Razak was sure of his bearing and ignored those do-gooders. He had an important obligation to bring peace and restore order. He ran the country as a military dictator would; indeed he spoke admiringly of and modeled himself after the general who successfully prosecuted Malaysia's campaign against the communist terrorists, General Templer. Where Templer was fighting the communists, Razak was fighting rural poverty and interracial inequities. He emulated Templer by establishing in each district a local "operations" room to monitor his war on poverty. He was no staff general; he frequented the frontlines and ground troops. To overcome the gross and increasingly dangerous interracial inequities, he promulgated a daring and innovative social engineering program in the form of the New Economic Policy (NEP). He was remarkably effective. Nothing attests to the enduring quality of his contributions better than that the NEP and its successor policies have essentially remained unchanged to this very day. The remarkable aspect of Razak's leadership was that, having established law and order, he restored parliamentary democracy. Tun Razak is one of the few leaders who shined in leading his nation both in times of crisis as well as during peacetime.

Sadly Tun Razak died in the prime of his life, just as the citizenry was beginning to feel the tangible benefits of his farsighted and brilliant initiatives. The nation rightly mourned a great loss.

Tun Razak was replaced by his chosen successor, Hussein Onn. Hussein's tenure was brief because of ill health. His leadership was a forgettable one; he was more administrator than leader. His greatest contribution was his selection of Mahathir as his deputy and later, prime minister. But even this sole credit was marred when a decade later during the UMNO leadership crisis, he declared that his greatest mistake was in appointing Mahathir! I am certain that had Tun Razak survived his cancer, Malaysia would have continued on its steep trajec-

tory of success. The hypothetical question is, with Malaysians thus changed, would Tun Razak have been flexible enough to adjust to the new Malaysia? I believe he would.

Mahathir took the country by a storm in 1981. The changes he brought were both symbolic and real. Symbolically he made a big deal of signing in and out of his office and to wearing a nametag. To status conscious Malaysia, for the prime minister to wear an identification tag is highly significant, symbolizing equality and humility. And to chronically tardy Malaysians, signing in every morning is a very visible manifestation of discipline. On a practical level he took the country on a path of economic development undreamed of at the time. He firmly committed the nation to foreign investments and trade, and confidently rode the recession of the mid 1980s to lead the nation to greater heights. The world spared no superlatives in describing his and the country's economic progress. Had Mahathir resigned in the mid 1990s, his star would have forever remained undiminished.

Alas all that changed quickly as he completed his second decade of leadership. In short, the country took off but Mahathir's model of leadership could not adjust to the new realities. The fuselage (country) is now equipped with a faster jet engine and cruising at high speed, but it is still stuck with the old perpendicular wings which no longer give much lift but instead, are now a major drag. Mahathir failed to see the remarkable transformation of his people, a consequence of the dramatic success of his very policies. He was unable to adapt to those changes. His speech to the UMNO General Assembly in 2001 was a rehash of what he wrote in his first book *The Malay Dilemma* in 1970, where he lambasted Malays for our lackadaisical ways. With nauseating frequency he exhorted Malays to change, meanwhile failing to realize that it was he who needed to change the most. The rigid disciplinarian drill sergeant could not transform himself into a captain. Thus the sad spectacle of Mahathir humiliated in the twilight of his leadership by the very people, Malays, who benefited immensely from his policies. Sadly his legacy is destined to tarnish even more with his selection of

an unimaginative and uninspiring successor, Abdullah Badawi, his fourth deputy.

Why such a fate for a nation that has so much talent? The reasons are many and I will review some.

One unhealthy trend in the Malaysian leadership is the increasing concentration of power and lack of checks and balances. Invariably this would lead to lack of accountability and potential abuse. It is not so much that power tends to corrupt and absolute power corrupts absolutely, as Lord Acton put it, rather we do not have a system that prevents the inherently corrupt from becoming powerful. Mahathir is not only the chief executive of the country; he is also the leader of the party, chairman of a number of government corporations, as well as being a finance minister! Malaysians are fortunate in that Mahathir is an inherently honest and dedicated man. But give such a structure to a corrupt leader, and he would destroy the country. My greatest relief was when Mahathir fired his erstwhile deputy, Anwar Ibrahim, a man later convicted of corruption. I do not believe that the system (or power) corrupted Anwar, as many would argue, rather he is inherently a flawed character and a corrupt one to boot. Which was how he rose into power. But a system with elaborate checks and balances could handle even the most evil and corrupt. America survived Richard Nixon; he was forced to resign. The American system could also deal with the personal moral turpitude of a president, as when Clinton was impeached, albeit unsuccessfully.

In Malaysia even at the state level we see this same pattern of concentration of power and lack of checks and balances. The chief minister, apart from being the chief executive of the state, is also the state leader of the party, mayor of the capital city, and chairman of various state corporations. Any of those jobs would have consumed the full attention of a skilled executive, yet we have these politicians, many with no formal training in management or special executive skills, who think they can credibly perform all those functions at the same time. No wonder nothing gets done.

If we distribute the power, not only would we ensure the jobs would get done, but there would also be greater accountability. I see no reason why the head of the ruling party should be the same person as the prime minister, or that cabinet positions be reserved for top party officials. The prime minister should be able to select the best person to be in his cabinet and not be hamstrung with whether that person has been elected to a top position in UMNO. The skills to run for a party position are not necessarily the same skills needed to manage a ministry or agency. Similarly if the state UMNO leader and the chief minister were different persons, they would both keep each other on their toes.

Again reverting to the American example, George W. Bush may be the President, but he is not the head of his Republican Party. Although he has the sole power to appoint his Cabinet Secretaries and other senior officials, nonetheless those too are subject to Senate confirmation—a check on presidential power. Even if the president's party were to control both houses of Congress, there is no guarantee that the president would get a free ride from the Speaker of the House and the leader of the Senate.

Another unhealthy trend in Malaysia is the lack of regular challenges to the senior leadership. Such challenges are important even when the leaders are strong and popular as such exercises then effectively become an evaluation of the leaders. Earlier leaders of UMNO right down to Mahathir's immediate predecessor, Hussein Onn, were all routinely challenged. Those challengers all had no hope of winning, nonetheless the number of votes they garnered became a surrogate evaluation of the leader. Such exercises would also prevent leaders from becoming another Saddam Hussein. He routinely gets reelected with over 99% of the votes. And if he could determine who those 1% voters were, the next election would see Saddam returned with a 100% approval!

But since the debacle of 1987 UMNO leadership crisis where Mahathir was challenged and nearly toppled by Tengku Razaleigh, a new culture has developed within UMNO, that of not challenging the senior leaders. All in the name of party unity! This is a retrogressive

step. Such regular challenges and open competitions are important not only to keep a check on the leaders but also to encourage the emergence of new talent.

What Malaysia needs today is a fresh generation of leaders with new vision. Or to pursue my wings analogy, a new set of backswept or delta wings to go with its turbocharged engines. Unfortunately, the very nature of the political structure generally and UMNO in particular, does not encourage new talent. Apart from the emerging tradition of not challenging the senior leaders, the rules for candidates vying for party positions in UMNO are skewed to favor incumbents heavily. Candidates have to have the backing of at least 10% of the divisions before they could be nominated. I am surprised that they did not make that 50% and then do away completely with the election!

As with the party, so it is with the country. In the general election of 1999 there was much hype about Mahathir fielding fresh candidates. Alas that was mere hype as in the end they were the same old tired faces being reshuffled. In striking contrast, Singapore had an election in November 2001 that saw over a third of the candidates from the ruling PAP being new faces. Their leaders knew they needed a new set of wings.

I do not see that the political line up in Malaysia to change much in the foreseeable future. The country seems stuck, with minimal influx of fresh talent. UMNO made a tepid attempt at attracting young women professionals with its new *Puteri* (princess) wing, but that met with considerable resistance from the established order. The party that is successful at drawing in new talent is PAS. But if that party ever hopes to rule the country, these new leaders must replace the rigid set in the *ulama* council and make that supreme body directly elected by and accountable to the members.

Malaysia's present senior political leaders do not appreciate the serious need to attract fresh candidates. They simply assume that politics and public service will continue to attract the best and talented. These leaders are in a dream world. With opportunities in the private sector

so much more challenging and enticing, Malaysians no longer value public service, and in particular, politics. The marked discrepancy in pay between the public and private sector only aggravates the situation.

The next Malaysian leader will need the IQ (Intelligence Quotient) of a Tun Razak and the EQ (Emotional Quotient) of a Tunku Abdul Rahman. Thanks to the successes of Mahathir's policies, Malaysia now does not lack for such individuals. The challenge is to entice them into public service.

The Malaysian leaders of tomorrow will not be those who simply bark out orders *a la* the drill sergeant. Rather they will be individuals with proven personal and professional achievements who can share their vision for the country's future with their followers. They will be more like the symphony conductor, cajoling and encouraging to bring out the best from their followers. These leaders will lead through personal examples of integrity and excellence, and not merely by manipulating personnel, information, and institutions.

In addition to the political leadership, there is also the leadership of the hereditary class, principally the sultans and territorial chiefs. These hereditary leaders are found only in the nine sultanates; the remaining four states of Sabah, Sarawak, Penang, and Melaka are fortunately spared this additional burden. These hereditary leaders add another layer of inertia to change. The royalty and nobility classes have never provided much leadership to Malays either in their official or personal capacity. Unlike European kings and dukes who through their patronage provided for the development and nurturing of talented artists, musicians, and scholars, Malaysian royalty and aristocrats feel no similar obligation.

A new development among members of the royalty is their increasing involvement in business. To the extent that they are now contributing to the economy, that is good. But if they are using their royal clout to secure unfair advantages over their competitors, that would be dangerous. We must also be mindful of Ibn Khaldun's admonition about the ruinous effect of rulers' involvement in commerce. There

would be less criticisms if members of the royal family were well qualified and competent to run their businesses, but if they were content in being merely silent partners and figureheads or sultans of their enterprises, then that would easily evoke the hostilities of not only their competitors but also the citizens.

Another trend that I view with increasing concern is the current vogue of installing sultans or their consorts to important bodies such as chancellors of universities. I do not mind them becoming chairman of the Malaysian Society of Orchid Lovers, but for them to be directly involved with important organizations would be unhealthy. Given the typical Malaysian obsequiousness in the presence of members of the royalty, I cannot imagine any substantive discussions taking place in such meetings chaired by these sultans. The government is doing these bodies a great disservice by appointing these royal luminaries. If the government were to honor these bodies, than by all means appoint the sultans as an honorary capacity.

Malaysian sultans and nobilities are akin to bulkheads on a ship rather than propellers. Not only do they not help in pushing the ship of state forward, on the contrary they are a significant drag. They are an expensive burden. They also set a very poor example to the masses. They sit at the apex of the privileged heap and do not contribute.

The sultans also disproportionately influence Malays by being not only the secular leader but also as head of the Muslim faith. This latter function protects the sultans from criticisms from the masses, for doing so would be tantamount to criticizing the faith itself. And because the citizens are discouraged from criticizing the sultans, this habit is carried over to all the other leaders, including political leaders and also their superiors at work. In short Malaysia has all the makings of a compliant and robotic society—a society of sheep.

There is one other important factor that accelerates this trend. That is the attitude towards and the influence of Islam, especially in Malay life and culture. This is such a significant bearing that I have a devoted the entire next chapter to it.



Ramadan, the entire country is in suspended animation; nothing gets done, particularly in the public sector.

While in the past Malays would greet one another with "*Selamat Pagi!*" (Good Morning!), today they use the Arabic salutation *Assalamualaikum* (Peace be upon you!). Young men now sport beards and wrap themselves in thick turbans and flowing green robes, oblivious to the scorching heat and humidity. All in an effort to appear "Islamic." Mosques during Friday prayers overflow, with congregants forced to pray outside. In their pious pursuit they have no qualms about praying over stinking open sewer drains. Such jarring incongruities do not affect their sensibilities. Every year Malaysia sends more pilgrims (on a per capita basis) to the holy land than any other nation. Many brag about making the trip many times, even though it is required only once, and then only if conditions permit. But I see many young men and women eagerly interrupting their careers to make the pilgrimage. Presumably these fortunate souls have paid off their home mortgages and put aside enough funds for their retirement and children's education to be able to afford the trip.

This pervasiveness of Islam leads many to suggest that the faith is experiencing a revival or resurgence. This appearance of religiosity and piety is only a façade, a very thin veneer. Muslims in Malaysia appear Islamic only in their adherence to the rituals and other external manifestations of the faith. Alas one looks askance at their core. Tolerance, long a tradition with Islam, is sadly lacking among them. They look upon fellow Muslims who disagree with them as *kafir* (infidel)—an extremely pejorative term when applied to Muslims—and refuse to partake in any social or religious overtures with them. Imagine what their attitude is towards the real *kafirs*: non-Muslim Malaysians.

On a more mundane level, they drive like maniacs, oblivious of other road users. They park their cars in the middle of the street and block the traffic in their rush to be at the mosque. That they would inconvenience other road users is irrelevant as long as they get to claim their religious brownie points. As for charity, another esteemed

Muslim attribute, well, they have paid their *zakat* (tithe) and that is enough. There is no need for them to contribute to their children's schools or local community. Nor do they profess any concern for the plight of fellow Muslims from Bangladesh and Indonesia amongst their midst. Those foreigners are illegal immigrants anyway, not worthy of any goodwill. Slavery and indentured labor may have been banned but Malaysians' treatment of their maids would make slave owners of pre-Civil War America look generous by comparison.

To me, there is no revival or renaissance of Islam in Malaysia, more a regression to a form more suitable for ancient Bedouins. More accurately, present-day Malays are obsessed with the ways of ancient Arabs rather with the pristine message of Islam.

In 2001 the government issued a publication written by one of its functionaries proclaiming that Malaysia is an Islamic state. Written in Malay, it was a clumsy attempt to blunt PAS's charges that the nation is not "Islamic" enough. The booklet was meant to be a preemptive attack on or to "out Islam" PAS, to use Farish Noor's (a Malaysian writer) phrase. Instead it precipitated a raging controversy. The government was forced to sheepishly withdraw the silly publication. A measure of the booklet's irrelevance is that its cover features a plane. What those images have to do with Islam is beyond my comprehension. In light of the 9-11 attacks, it is not a terribly smart idea to associate Islam with jet planes.

Subsequent to that there was another raging controversy over some essays written in the popular press by lay Muslim writers. These provoked the ire of the religious scholars, who deem that such discussions on Islam are their exclusive preserve. They went to the extent of petitioning the King (the head of Islam) to take actions on these writers for allegedly insulting Islam. That the King and his Council of Rulers actually entertained such a silly petition is by itself very revealing.

Such heated controversies reflect the coarsening of public discourses in Malaysia. These public discussions, far from enlightening the citizens and bringing them together, merely succeeded in acerbating the

polarization and deepening existing divisions. The blame for this sorry state of affairs goes to both the organizers and participants of such events. These discussions were less on the merits or demerits of the issue, rather more on displaying the oratorical prowess and Islamic credentials of the participants. These public debates very quickly degenerated into name-calling, and reduced simplistically to "my *ulama* is more knowledgeable (or pious) than yours" type of exchanges.

Take the issue of Islamic scholars, another very contentious one. Much of the confusion and the ensuing controversies revolve around the different meanings of basic terms. I can best illustrate this by using the example of surgical scholars. In the academic department I was once associated with, among my colleagues were a veterinary doctor, a biochemist, and an engineer. In standing, pay and prestige, these professors of surgery were no different from the other "operating" professors of surgery. They taught medical students and would-be surgeons, and published in surgical journals. But if one were to have appendicitis, one would not ask these "non-operating" professors to operate. If someone were stupid enough to do so, he or she would be politely if not embarrassedly referred to the "real" surgeons in the department.

Similarly there are Islamic scholars and there are *ulama*. One can learn a lot about Islam—both the discipline as well as the faith—from Islamic scholars; but in performing funeral rites or reciting the *Surah Yaseeen* (requiem), one needs the *ulama*. In medicine there are strict rules as to who can treat patients. Apart from specific training, he or she has to be properly licensed. Anyone not so licensed, no matter how competent, could be charged with fraud and criminal assault were they to practice as physicians. This is to protect the public.

No such statutory delineations occur in the practice of Islam, and rightly so. Islam, unlike other religions, lacks a proscribed clergy class. In Islam it is we mortals and Allah, there being no need for an intermediary. There are no priests, bishops, or pope in Islam. Sure we have an imam, but to paraphrase an ancient saying, he is imam because we, the

flock, call him so. His power and prestige are derived from and not imposed upon the congregation.

The present heavily bureaucratized Islam, with *ulama* placed on salary schemes and acquiring all the other accouterments of the civil service, is purely a Malaysian phenomenon. No surprise then that these modern day *ulama* behave like their petty counterparts in the civil service—very conscious of their turf. Thus, instead of engaging in a scholarly fashion with those who disagree with them, these *ulama* treat new ideas as potential threats. Hence the ugly specter of the president of the Muslim Scholars Association filing a police report against writers he disagreed with, instead of publishing his own scholarly rebuttal!

This is not a surprise considering the training these *ulama* had undergone. They are not so much being educated as being indoctrinated. The quality of their scholarship, certainly when viewed from the vantage point of Western scholarship adept at critical thinking and "deconstruction," is severely wanting. Their training is akin to that of students of classical music. Classical musicians are trained not to interpret but simply to follow the path of their masters before them. Improvisations or novel interpretations are not expected or welcomed. If you do, you may end up playing for the local jazz band instead. Only when you have become a Glenn Gould could you establish your own style. Until then, no fancy incidental notes or flourishes in phrasing. Follow the score as it is written.

Likewise the *ulama*; they are not expected to put forth any new thought or to question. Indeed such critical thinking and novel interpretations are viewed suspiciously as the devil's machinations. Occasionally one may get an *alim*, who, having mastered the existing state of knowledge, goes on to make his own seminal contributions. There were many such outstanding individuals in the history of Islam. Some were successful in blazing new trails in the understanding of our faith, but most ended up being marginalized or worse, labeled as apostate—and treated accordingly.

What is threatening the world of the traditional *ulama* today is not the "orientalist" secular Islamic scholars like Patricia Martinez and Farish Noor, rather the emergence of *ulama* trained in the traditional *madrasah* system who then went on to be exposed to the rigors of Western scholarship. In the past such scholar-*ulama* were denigrated back in their native lands, but with the heightened interest in Islam in the West, these individuals are now eagerly sought after by leading Western universities. From their vantage point there, with its superior supporting structures and generous funding, this new breed of scholar-*ulama* are spreading their views onto the wider Islamic world. With their *madrasah* credentials, they are as erudite and exquisite in their *tajweed* (rendition of the Qur'an) as the best of Al Azhar.

The Islamic faith is invigorated with this new breed of scholar-*ulama* like UCLA's Khaled Abou El Fadl and Duke University's Ebrahim Moosa. These distinguished scholars, steeped in the traditional as well as Western scholarship and well versed in Arabic (the language of Islam) as well as English (the language of technology), will take Islam to greater heights. El Fadl is also remarkable in that he has a personal library of over 6,500 Islamic texts and manuscripts, some dating as far back as the 13th century. More importantly, these enlightened scholars present a refreshing face of Islam to the modern world, a view more in consonant with the ideals of the faith as revealed to our prophet (pbuh)—a much-needed antidote to the rabble rousing and *fatwa*-issuing likes of Osama bin Ladin. These modern scholars spread the word of Islam not by issuing endless edicts but by the power of their intellect and logic of their arguments. As the Iranian scholar Abdoolkarim Soroosh noted, the Qur'an is divine; its interpretation is human. The text of the scripture is silent; it is up to us to make it speak. These enlightened scholars have given a fresh voice to the Qur'an.

Much of the present understanding of Islam comes from the works of dedicated scholars, Muslims and non-Muslims alike. All Muslims should value their contributions. They complement our *ulama*. Confu-

sion arises only when scholars try to assume the trappings of an *alim*, or when *ulama* take on the pretensions of a scholar.

For Malays, Islam is the central element of our culture; it also defines Malayness. Legally, a Malay is someone who regularly practices the Malay culture *and* professes Islam. Malays belong to the mainstream Sunni sect. But what is more important at the daily level is that Islam in Malaysia is what the government bureaucrats deem it to be. Anyone straying from this "straight path," as defined by the government's *ulama*, risks being branded as a subversive or "deviationist," and will suffer the worldly consequences (like being incarcerated under the ISA).

Islam arrived in the Malay world in the 15th century by way of the Muslim traders. It did not land on a cultural vacuum as Malays then were already steeped in Hindu beliefs and animist traditions. Many Malays today would want to deny this aspect of our past, to wipe the slate clean. This tendency to overlook what present-day Islamists view as less-than-pristine "unIslamic" past is not an affliction peculiar only to Malays. The Japanese have yet to come to terms with their role in World War II. Thus the preoccupation of Malays today in trying to "cleanse" and "purify" the faith, while misguided, is understandable. The difference between the Taliban's blasting to smithereens the ancient Buddhist monuments and Malaysian Islamists desecrating Hindu temples is only a matter of degree.

Sadly, much of the world today view Osama bin Ladin and his band of the Taliban as representing the essence of Islam. Unfortunately many Islamic leaders and scholars implicitly encourage this misconception by not condemning unequivocally the criminal activities of these extremist Muslims. As the late Sudanese reformist Mohamad Taha observed, religious fanaticism is inalienable from religious ignorance. It is out of ignorance of the basic tenets of Islam that these fanatics view this world as hostile, and not as God's wonderful gift to mankind. The challenge is to enlighten Muslims especially those in Malaysia to the pristine message of Islam.

SHARI'A IN A PLURAL SOCIETY

The issue of the Islamic state is needlessly consuming the energy of many Malaysians, Muslims and non-Muslims alike. It is also the platform of the Islamic Party (PAS), its reason for being. Yet when challenged on the specifics, PAS is sorely unprepared. Surely after championing the issue for the past half a century, its leaders should have a pretty clear idea of their goals. If by Islamic state they mean one based on the ideals of justice and morality of the Qur'an, then all Muslims and many non-Muslims would agree. But if they want a state based on the Shari'a (Islamic law) in its current form, many Muslims and certainly all non-Muslims would demur.

The Shari'a took three centuries to formulate and consumed the best intellectual talent of the Muslim world at the time. Although based on the Qur'an and *sunnah* (ways of the prophet), the Shari'a remains the creation of mortals and as such, carries all the imperfections implicit in such endeavors. For Muslims to ascribe to it the reverence and perfection reserved only for the Qur'an means that we ascribe those very same qualities to the mortals who crafted the Shari'a.

Shari'a literally means, "the road to the watering hole," the right or straight path to be followed. To Muslims, Shari'a refers to the body of Islamic laws that are perceived as being part and parcel of the faith. It thus assumes the same rightful place as the Qur'an and *sunnah*. Thus criticizing the Shari'a is tantamount to criticizing the faith itself. And therein lies the problem.

There are over 6,000 verses in the Quran; of these less than 600 are concerned with the law. And most of those cover such matters as prayers and rituals. Only about 80 verses deal with such traditional legal matters as crime and punishment, contracts, and family law. Clearly the Qur'an is not a legal tome but a general guidance on how to build a moral and ethical society.

It is a magnificent tribute to the intellect of those early Muslim scholars that they were able to fashion out of the Qur'an and the *sun-*

nah a coherent and consistent body of laws that is the Shari'a. In its time the Shari'a represented a giant leap in intellectual, social, and legal achievements. Its treatment of women in particular was light years ahead of its time. The status of women accorded by the Shari'a was of the order of magnitude a thousand times better than the prevailing practices. Then women were not even recognized as humans. Whereas women are granted a share of the inheritance in the Shari'a, in the then prevailing culture, women *were* the inheritance. They were chattels and properties of their husband, to be passed on or traded accordingly. The Shari'a represented a grand emancipation of women. In this regard Islam was centuries ahead of Western civilization. The codifying of divorces too was truly an inspiration, considering that the concept did not even exist then. Wives were not divorced then; they were simply discarded, traded, or handed over to their husband's heir. The Shari'a's treatment of criminal justice was similarly light years ahead of the prevailing ethos of "an eye for an eye;" likewise the treatment of slavery and indentured labor.

While the Shari'a represented a quantum leap in achievement of early Islam, in its present form it is clearly incompatible with many of today's universally accepted norms, in particular with respect to human rights, criminal justice, public law, gender equality, and hosts of other areas.

I do not say this lightly seeing that to many Muslims, any criticism of the Shari'a is blasphemous. But I cannot look at my daughter and tell her that she is worth only half that of my son, as the Shari'a would have it. I love all my children equally and my inheritance to them should and will reflect that sentiment. Nor do I find such cruel and inhuman punishments as stoning to death a woman for adultery and the chopping of hands for thievery compatible with an All Compassionate and All Merciful Allah. Similarly I find the death penalty for apostasy as prescribed by the Shari'a not only abhorrent but also incompatible with the Qur'anic admonition that there shall be no compulsion in matters of faith.

As a Muslim I take the Qur'an to be Allah's revelation. Its message is infallible and immutable, and for all mankind at all times. That is a matter of faith. Being Allah's words, the Qur'an takes precedence over everything else, including the Shari'a and the *sunnah*.

That is a heavy statement. Having said it, a much-needed pause for clarification. Muslims consider the Qur'an and the *sunnah* as co-equal parts of the faith. One cannot separate the message (the Qur'an) from the messenger (the prophet—pbuh); they both form an integral part of the faith. I agree wholeheartedly. The main issue I have is differentiating between the *actual* practices and sayings of the prophet (pbuh) and what scholars *say* they are. I will revisit this important differentiation a few pages hence. Meanwhile back to my original discussion.

Societies change, and too must the laws. There is nothing in the Shari'a that mandates we give it the reverence due only to the Qur'an. Thus the pertinent question, and one rarely asked, is not whether the Shari'a should be applied to modern society, rather how can we adapt and modify it to meet current needs. A body of laws that was an enlightened piece of legislation for 7-10th century Arabia is clearly not suitable for the present. When the Shari'a was formulated, the Arabian society was just emerging from the Age of *Jahiliyah* (Ignorance), a period of rampant female infanticide, slavery, and tribalism. A millennium later, the problems are of a different order. The challenge today is to enhance the freedom and dignity of humans. That these freedoms and rights are emphasized by Western civilization is no reason for Muslims not to co-opt and adopt them.

Today's Muslims should emulate our illustrious predecessors. Had ancient Muslims been like their present-day counterparts and considered everything originating outside of Islam as "un-Islamic," Islam would not have expanded. Muslims today should be equally receptive to and be welcoming of new ideas and innovations regardless of where they originated. That Allah chose a Christian to reveal His secret on gravity, a Jew on the nature of the atom, a Confucian on the explosive power of gunpowder, and a Hindu on the concept of zero, is not for us

to question. It is however, for us to appreciate that such wisdom and insights are for the benefit of all.

Islam is fortunate in that right from the very beginning it has a tradition of revival and reform. A tradition of the prophet has it that Allah will send every so often unto each *ummah* those who will renew the faith. Implicit in this *hadith* is the recognition of a community's dynamism.

The great Muslim reformists of the 19th and early 20th centuries were handicapped because their native lands were under Western colonization. Many were necessarily consumed with the battle to free themselves from colonialism and by association, Western influences. They understandably regarded the West as an enemy of Islam. Nonetheless despite such burdens, reformists like Muhammad Abduh of Egypt and Pakistan's Muhammad Iqbal were able to forge a new understanding and insight into Islam. While many reformists of his time were consumed with the futile effort of trying to bring Islam back to its glorious past, Iqbal was forward looking. He rightly distinguished between the eternal and immutable principles of the Qur'an on the one hand, and those laws, regulations, and practices that were the products of human interpretation. While he rightly acknowledged the great contributions of earlier scholars and *ulama*, Iqbal reemphasized the necessity for present-day Muslims to use their God-given *akal* (intellect) to forge new meanings and interpretations to serve modern society. He was rightly contemptuous of the fiction of the "closing of the gate of *ijtihad* (rational discourse)" of the 11th century, and with it the arrogant presumption that everything had been decided and that no fresh insight or thinking was warranted. That particular hubris resulted in the subsequent stagnation of Islam.

Like many contemporary reformists, Iqbal believed that Muslims must once again emulate our earlier brethren and reassert our right to *ijtihad*, that is, to reinterpret and reapply Islam to changing social conditions. More significantly, this right belongs to all Muslims and not just the *ulama*. He felt strongly that the views of individual members of

the *ummah* must be heard and that the mechanism for this can be achieved through a variety of mechanisms. To him, modern participatory democracy is indeed an idealized form of the Muslim concept of *mesyuarah* (consultation). This is how he viewed the Westminster model of democracy: "It is...the spirit of the British Empire that makes it the greatest Muhamadan Empire of the World."

Iqbal was the product of the great universities of the West (Cambridge and Munich) and the beneficiary of the finest tradition of liberal education. Having seen the best of the West—its dynamism, unrivalled intellectual fervors, and powerful technology—he was not nearly so dismissive of Western achievements. Iqbal was very unlike those *ulama* who had never ventured beyond their villages and whose intellectual horizons rarely extended beyond the worn-out pages of ancient religious texts. Although Iqbal was very conscious of the excesses and weaknesses of the Western tradition as exemplified by its legacy of colonialism, exploitative capitalism, and rampant secularism, nonetheless he viewed such central Western values as the equality of man, and the rights and dignity of the individual as very much the ideals of Islam.

While traditional *ulama* may contemptuously dismiss Iqbal because of his Western training, they cannot easily reject Muhammad Abduh. He was after all, one of them, having served as the Grand Mufti of Egypt. He rejected the orthodox notion that constrained Muslims to a literal reading of the Qur'an and *sunnah*. Clearly he felt that Muslims were mistaken in rejecting the ideas of the West simply because they originated with non-Muslims.

Later 20th century reformists carry on the Iqbalian tradition. Unlike Iqbal, they were not burdened by having to live under colonial rule or foreign domination. Indeed many benefited from the West in terms of their education and freedom. I will mention two in particular. One is Sudanese Mahmoud Taha. He excelled under the British as an engineering student at the rigorous Gordon College (the precursor of the University of Khartoum) and had a thriving private practice before

turning to politics, occasioned by the turn to extreme fundamentalism of the Sudanese military government. He feared that the government's headlong rush to implement Shari'a would severely disadvantage and disenfranchise the significant Christian population. Unchecked this would only lead to a destructive civil war. His observation was particularly prescient. He was not against Shari'a, rather the form in which it was to be implemented. There are too many provisions that are simply inconsistent with modern and widely accepted concepts of justice and simple fairness. He founded the Republican Brotherhood, a movement whose objective was to reform the Shari'a to meet the demands of a modern pluralistic populace. Sadly the military rulers interpreted that to be apostasy, a capital crime under Shari'a. Taha was executed in January 1985. In a turn of events that could only be interpreted as divine intervention (or perhaps simple justice), those same military leaders were later killed in yet another military coup. The Sudanese Supreme Court in reviewing the appeal brought by Taha's daughter, reversed the earlier decision and excoriated those who participated in the sham trial. It was of course too late for Taha.

Mahmoud Taha's enlightened views are now widely accepted by the Sudanese and others. Equally significant, his many disciples, in particular Abdullahi An-Na'im, are carrying forward his torch. Na'im is uniquely positioned to spread that message from his vantage point as a professor at a leading American university. With the vast resources afforded by Emory University, An-Na'im is able to effectively propagate Taha's ideas to the wider world. An-Na'im's translation of Taha's seminal work, *The Second Message of Islam*, and An-Na'im's own tome *Toward an Islamic Reformation*, represent some of the most original and enlightened interpretations of Islam and the Shari'a. Taha's basic thesis is that we should, like earlier Muslims, go back to the Qur'an and divine its immutable and eternal theme, and then reformulate a new set of laws to meet the needs of contemporary societies. Just as the ancient Muslims were able to reconcile the apparent inconsistencies and contradictions in the interpretations of the various passages of the

Qur'an and successfully formulated a remarkable set of laws, so too should modern Muslims do likewise. While ancient Muslims out of necessity emphasized the later passages of the Qur'an that was revealed to the prophet while he was attempting to build the first viable Muslim community at Medinah, present-day Muslims having successfully established our community, must now go back to the Qur'an and ponder its earlier messages, the Meccan verses, that address the idealistic and universal values of Islam.

Early Muslims introduced the concept of *naskh* (abrogation), to justify their emphasizing certain Qur'anic passages over others. Volumes have been written on this topic, with some denying entirely the very concept. Nonetheless the reality remains: that is, the Shari'a relies on certain passages of the Qur'an while de-emphasizing or simply ignoring others. Thus it justifies capital punishment for apostasy by referring to the Medina verses while ignoring the Meccan passages that encourage Muslims to lead a life of peaceful coexistence with non-believers, and that there be no compulsion in religion.

As Muslims accept the Qur'an to be infallible and consistent, perceived differences must therefore be just that—a matter of perception. Thus instead of analyzing to death particular Qur'anic verses to support one's viewpoints—the atomistic approach—present-day Muslims should instead emphasize the totality of the message. In the words of the late Fazlur Rahman of the University of Chicago, we should deduce from the particularities of the Qur'an its underlying unifying principles, and then apply those same principles to specific present day situations. Obviously modern society differs from those of the prophet's time, but the moral principles and imperatives remain the same.

My main criticism of the traditional *ulama* is that in their meticulous and detailed studies of the individual verses of the Qur'an and *sun-nah*, they completely miss out on the underlying theme—missing the proverbial forest for the tress.

To Taha, Muslims' preoccupation between secular and Islamic state is arbitrary and useless. The values of supposedly secular Western societies like gender equality, commitment to basic human rights, abhorrence of cruel and inhumane punishment, the brotherhood of mankind, and participatory democracy are also Islamic values and ideals. That the West has absorbed and claimed these virtues to be its core is no reason why Muslims should not also subscribe to them. If we follow Taha's message and make the Shari'a compatible with modern values and aspirations, which as we have seen are also Islamic, then the question of secular versus Islamic would not arise.

The Syrian reformist Muhammad Syahrur argues along similar lines. In his book, *al-Kitab wa al Qutan: Qira'a Mucasira* (The Book and the Qur'an: A Contemporary Interpretation), he challenges Muslims to imagine: Had Allah revealed the Qur'an today, how would it be written? Apart from being an intellectually stimulating exercise, it would certainly help us understand the Holy Book better. Such an endeavor however, requires considerable mental effort, much more demanding intellectually than simply parroting the lessons of the past. In my book *The Malay Dilemma Revisited*, I posed a similar question. Had Allah chosen an Eskimo to be His Last Messenger instead of an Arab, would the imagery of hell be a place of eternal fire or a cold frozen dungeon?

The Qur'an and *sunnah* teach through parables and anecdotes, but we should not confuse these examples with the underlying principles. Let me illustrate this principle with, well, an example.

If I were to explain the universal theory of gravity by stating that gravitational pull is directly proportional to the mass and inversely to the square of the distance, or more precisely and elegantly stated by the simple formula $g=km/d^2$, only math jocks would get excited. Others would fall asleep. But if I were to illustrate this with the example of an apple falling to the ground, then the concept is readily grasped. But if one confuses this example with the underlying principle, then one's faith would be severely shattered on seeing an apple floating when in a

spaceship. Indeed if you dropped an apple while on one of those gut-wrenching roller coaster rides, it "falls" to the sky. If we truly understand the principle of gravity, then these apparent aberrations, far from shaking our faith, reaffirm it.

Much of the disagreements over the interpretations of the Qur'an and the *sunnah* are attributable to this confusing of examples over principles. We interpret the Qur'an literally, often completely missing its essence.

I am reminded of the priest who was sent to preach among the Eskimos. On his first sermon he was in his usual fire and brimstone form, exhorting the natives not to plunder, lie, or fornicate lest they would be sent to burning hell. Imagine his horror the very next day to find his congregation enthusiastically doing all those damnable deeds. To his angry admonition, they jovially countered, "But Father, we want to go to that place where the fire burns all the time!" Confusing example with principle!

It is instructive that many of the fresh insights into Islam are the result of the intellectual efforts of lay Muslim scholars rather than traditional *ulama*. Equally significant is that these scholars often are the product of Western liberal education, imbued with the capacity for critical thinking. Taha and Syahrur were professional engineers. Abdullahi An-Naim has a law degree from Cambridge and a doctorate from Edinburgh. As noted by Fazlur Rahman, himself an Oxford PhD, the level of scholarship of the traditional *ulama* is severely challenged. Their training is narrow, lacks scholarly rigor, and is singularly devoid of original thought. The state of the traditional Islamic educational institutions is no better. Al-Azhar University, Islam's Harvard, did not have disciplines outside the traditional theological field until the late 1960s. Thus its scholars did not have the opportunity for intellectual cross-fertilization with those in other fields. They remained insular intellectually and socially.

The best hope for the future will be the new breed of scholars coming out of Western universities. It is gratifying that many leading

American campuses now have chairs in Islamic Studies. These future scholars, trained under the liberal, broad-based education that is the hallmark of the American system, will lead Islam into its renaissance. According to Osman Bakar, the Malaysian Chair of the Institute of Islamic and Christian Understanding at Georgetown University, America will be the second Mecca. Islam flourishes only in an atmosphere of freedom. America provides that amply.

Traditional *ulama* are dismissive of Western-trained scholars. To them you are not a "real" Islamic scholar if you do not have the overflowing robe (preferably green, the color of the prophet), oversized turban, and scruffy beard. The spiritual leader of PAS, Tok Guru Nik Aziz, in a Friday sermon contemptuously dismissed Western-trained scholars as having been brainwashed by "orientalists" out to ridicule Islam. When you cannot challenge the message, simply attack the messenger—an age-old trick, and a very cheap one at that.

Present-day Muslims look askance at the sorry state in which the vast majority of our *ummah* live. Muslim nations, even those well endowed by Allah with abundant rich natural resources, live in abject poverty. Human rights abuses are the norm in many Islamic countries. As painfully noted by Abdullahi An-Naim, the vast majority of Muslims live at a superficial level of both Islam and modern civilization. Although we claim adherence to Islam and exhibit apparent commitment to its ritualistic formalities, we fail to appreciate and live up to its moral and spiritual essence. Likewise most Muslims benefit from modern civilization but have little appreciation of the values and ways of thinking that underlie and sustain those technologies and institutions. Further, many Muslims' understanding of Western civilization is often reduced to the gaudy simplistic images propagated by Hollywood, and the seamier aspects highlighted by Muslim fundamentalists eager to denigrate the West.

Muslim leaders are no better. They smugly and gleefully gloat over the ills of the West without once pausing to look over the inadequacies of their own society. Meanwhile the West progresses while Islamic

societies stagnate. Envy and jealousy are common human faults. As a result today there is considerable rage against the West among Muslims. The 9-11 Al Qaeda's attacks on America are only the latest and most vicious manifestation of this ugly emotion. I suggest that Muslims emulate, and not hate the West. The energies of Muslim leaders and scholars should instead be directed to picking the best out of the West for emulation. Condemning (or destroying) does not take any talent.

Bernard Lewis's critique of Islamic societies in *What Went Wrong*, suggests that contemporary Muslims in pondering their fate should stop asking the question, "Who did this to us?" and more usefully substitute, "What did we do wrong?" and, "How do we right it?" That Lewis is not a Muslim does not in any way diminish the wisdom of his observation.

Muslims can begin to answer the "What we did wrong?" by first critically reexamining the *sunnah* and Shari'a. Foremost we must remember that both are the creations of man and have qualities inherent in all such endeavors, including the possibility of errors and imperfections. Only the Qur'an is perfect. Contrary to accepted wisdom, the *sunnah* is not the practices and sayings of the prophet, rather what some scholars *interpret* to be so. It is instructive that the collection of *ahadith* (plural for *hadith*) considered most authoritative is that of Imam Bukhari. But he was not even born until nearly two hundred years after the prophet's death. It is equally instructive that he rejected thousands of purported sayings of the prophet (pbuh). The essential criterion he used was the lineage of the oral propagation (*isnah*), relying heavily on the piety and reputation of the transmitters. The assumption is that the pious would not willingly fabricate or embellish. May be not willingly or consciously, but our memory does play fools on us, regardless of our piety or wisdom. Being a mere mortal, we can expect errors on Bukhari's part both in including the less than truthful *ahadith* as well as excluding some legitimate ones. Remember, only Allah is perfect.

Had Imam Bukhari and the early scholars not put as much effort on evaluating the theological pedigree of the transmitters and instead concentrated their intellectual energies on reconciling the purported sayings and practices of the prophet (pbuh) with the message of the Qur'an, their ensuing treatises might have been considerably different.

Or perhaps Bukhari, knowing full well how entrenched some of the beliefs in the purported sayings and ways of the prophet (pbuh) were in the minds and culture of the Muslims then, dared not personally challenge the perceived wisdom. He knew only too well the fate that befell "deviationists." Thus he ingeniously devised the "science" of *hadith* by using his considerable intellect and prodigious memory to tracing the lineage and transmission of each *hadith*. With this "science" he found a neutral or objective way of dispensing with the more outrageous and embellished *sunnah* and *ahadith*. Were he to simply dismiss them through his own independent research and critical thinking, he would have been lynched. As it was, he had his share of denigration and banishment for daring to dispense with some of the more popularly accepted but obviously preposterous *ahadith*.

Today over a millennium later, there is no possible way of independently ascertaining the veracity of the lineage and pedigree of the *sunnah*. In the interpretation of the Qur'an, modern scholars pay as much attention to the "occasion of the revelation" as to the text, thus giving us a much richer and more perceptive reading. We should likewise do the same in interpreting the various *ahadith*, that is, examine the occasion of the purported sayings as well as analyzing their historical and sociological contexts.

Many scholars, past and present, have cautioned Muslims on attributing infallibility to the *sunnah* and Shari'a. We should reserve that only for the Qur'an. Kassim Ahmad has suggested doing away completely with *hadith*. For that audacious position, his book was banned in Malaysia and he was branded an apostasy. So much for Muslim tolerance in Malaysia! I disagree with Kassim, but I find his views refreshing even though his analyses and reasoning are less than rigorous. We

must have an open mind and treat the *hadith* and *sunnah* as historical and sociological vignettes in order to understand the Qur'an better.

To me the current debate on whether Malaysia should adopt the Shari'a and whether it is an Islamic state is futile, nonproductive, and highly divisive. Such controversies are nothing more than *wayang kulit* (shadow play) or *sandiwara* (staged theater) between UMNO and PAS out to display their religious aroma. At least *wayang kulit* and *sandiwara* are entertaining and help bring people together. The bigger question that has yet to be addressed and is being shunted aside in the preoccupation with trivia, is how to make the present laws and institutions conform to the ideals of the Qur'an.

ISLAMIZATION OF EDUCATION

There was a time when religion did not have any role in the Malaysian education system. Public schools were completely secular. There were some Christian missionary schools during colonial times, but they did not attract many Malay pupils. Malay parents were fearful that their children would be converted, a not unreasonable anxiety given the proselytizing fervor of those early missionaries. Following independence, religion was still kept out of the schools. There were Islamic schools but these were private, small, and mainly in rural areas. They catered exclusively to children of poor villagers. Their mission too was equally modest: teaching the basic rituals of Islam. Typically they were the one-teacher schools, the *madrasah*. Not much was expected and not much was delivered. I briefly attended one of them.

In light of the 9-11 attacks, there is much attention paid to the goings on in these *madrasah*. They are less educational institutions than indoctrination centers. They breed the kind of fanatical adherents to the faith—rigid and intolerant—that are the bane of so many Muslim societies.

Sometime in the 1980s Islam began creeping into the formal school system, at first imperceptibly but later accelerated under the tenure of

Anwar Ibrahim as Education Minister. Today Islamic Studies is a core subject for all Muslims students. There was an arrogant attempt by Anwar at making it mandatory to all at the university level, but that was quickly withdrawn amidst intense opposition from non-Muslims. The government also set up a system of public religious schools where the entire curriculum is consumed with Islamic Studies. The physical facilities of these schools are far superior to the *madrasah* but the intellectual climate is only marginally better. Universities that are supposedly geared for science and technology also have large Islamic Studies departments. The International Islamic University only very recently established engineering and medical faculties. Thus while the nation is in desperate need of scientists and IT graduates, Malaysian universities still churn out Islamic Studies graduates by the thousands. Their only avenue of employment is public service; they are useless in the private sector because of their narrow training.

At the time of independence in 1957, Malaysia had a substantial cadre of well-trained English teachers but none or very few in Islamic Studies. It amazes me that forty years later Malaysia is chronically short of English teachers but has a glut of religious teachers. Why this is so reflects the emphasis of the educational establishment.

Examine the typical school day. There are only so many hours, thus time devoted to the study of prophetic traditions and Qur'an must come at the expense of other subjects. It is not surprising then that Malay students do not excel in English, science, or mathematics. Too much is expected of them.

Malaysia is forever lamenting the shortage of Malays in the sciences. Look at the facts. One third of Malay students opt for religious schools, where there is little science taught. Of the remaining who chose national schools, more than half pursue the non-science stream. Thus only a third of Malay students are channeled into the science stream. Non-Malays have no religious or ethnic studies to distract them.

In the religious schools it is, as expected, all religion. Thus if their graduates do not get accepted into Islamic Studies at local or Arab universities, they are stuck. There is little transferability. Every year thousands of these students are stranded, unemployed and simply unemployable. These are the youngsters who have plenty of time to demonstrate on the streets. The system has failed them and they have every right to be angry.

Clearly, the religious schools must be revamped. I would broaden their curriculum to include English, science, and mathematics. Religion should only be one subject, not the all-consuming curriculum. Likewise secular schools should relegate Islamic Studies as an elective or at least de-emphasize it. The manner in which religion is taught too should also be changed, away from rote memory and emphasis on rituals and catechisms, to understanding the underlying concepts and essence of the faith. Use the vast literature and scholarship in Islam to develop critical thinking among the students. They should be exposed to the rich and diverse viewpoints within Islam so as to broaden their intellectual horizon.

Religious schools are popular with Malays because of the Islamic cachet. Unlike secular schools, they have low dropout rates. Malays value education when wrapped in Islamic garment. Because of this natural affinity it is all the more important that the government should not fail them.

In the decade following independence, at the height of nationalism and resurgent pride in Malay language and culture, a generation of precious young Malay minds were wasted in the relentless pursuit of the national language policy. The dreams and hopes of thousands of promising youngsters were crushed when they discovered that their hard-earned certificates and diplomas were worthless. Today Malaysia is repeating the same mistake with its zeal and emphasis on Islamic Studies. Sadly like before, the victims are again all young Malays.

The cause of Islam is enhanced greatly if future *ulama* have a broad-based liberal education. It would also give them a wider and better per-

spective. If nothing else, it would disabuse them of their arrogant certitude. They would then be less likely to resort to simplistic recitations of the *hadith* or the Qur'an when confronted with complex problems. Perhaps then they would make real and meaningful contributions to their *ummah*.

I am equally alarmed at the current intellectual fad of "Islamization" of knowledge, that is, the attempt to put an Islamic imprint on all disciplines, especially the natural sciences. Invariably it means the adulteration of science. Thus we have Islamic "scientists" who have never seen, let alone used, a test tube! Yet another absurd example: Malaysian Islamic scholars trying to blame the *jinn* (devil) for the recent onslaught of computer viruses! Such incidents only expose their woeful ignorance of science. The insight and wisdom of science are also ultimately derived from God and we should respect that without having to dilute or spin into one's preconceived ideas of what is Islamic. Science is science; there is no such thing as Islamic science just as there is no such thing as Western science. Hydrogen combines with oxygen to produce water, in Islamic Saudi Arabia as well as in atheistic Russia. Likewise, two plus two equals four, whether in Islamic mathematics or Greek numerology.

Science and religion are complementary, not adversarial. Science attempts to explain the physical world around and within us, while religion answers man's basic spiritual needs. Advancements in science has benefited mankind immensely, we should not belittle those. But no matter how well off man is materially, there will always be the spiritual void that needs to be filled with religion. The seminal difference between science and religion is this. In science you have to see in order to believe. With religion, first you believe, then you see.

In trying to discern differences where none exists, Muslim intellectuals and scientists are wasting their energy. They would be better off trying to elucidate the secrets of nature. That after all is the essence of science. Such activities as "Islamizing" this and that simply mask their dearth of intellectual ingenuity and curiosity. They cannot discover

anything original in their own discipline and thus spend their time concocting schemes at such puerile intellectual pursuits as "Islamizing" established principles.

A more sinister aspect to the activities of these Islamic "scholars" is that they are hiding behind their Islamic credentials as a back door to success. Unable to advance on the usual merit, they put on the Islamic garment. Religion has always been the refuge of scoundrels, including academic ones. With the emphasis on Islam in Malaysia today, nobody dares call these academics to the carpet. Instead they are being rewarded with promotions and honors for "uplifting" the image of Islam. In truth, scientists like Abdus Salam (1979 Nobel laureate in Physics), Ahmad Zewail (Chemistry-1999) and thousands of others quietly toiling in their laboratories to uncover Allah's secrets, do more to enhance the image of Islam than third-rate Muslim scientists cloaking themselves in the veneer of the faith.

In many ways the Islamization of Malaysia generally and of the government specifically, is reminiscent of the communist ways in the old Soviet empire. Then young Russians knew that the way to the top was not by excelling in their own field but by the back door—through the party. Thus unable to be productive as scientists or engineers, they found it much easier to be promoted by displaying their party credentials. Likewise Malay scholars and professionals today, unable to shine on their own merit, found it easier and more rewarding to embellish their Islamic credentials. Malay civil servants, lacking in executive ability and innovative ideas, exuberantly display their ardor for Islam (at least superficially), so their own incompetence could be easily overlooked.

I see only continued and increasing influence of these Islamists on Malaysia's educational and other institutions; Malaysia risks degenerating into an Ireland of the 1920s. If this trend is not reversed, the nation and Malays specifically, will continue to be mired in mediocrity.

ISLAMIC ECONOMICS

The success and vitality of the modern economy is based on the availability of credit. It is credit that makes the economic world spin smoothly. "Credit is the vital air of the system of modern commerce," observed Daniel Webster. "It has done more, a thousand times, to enrich nations, than all the mines of all the world." A plaque on Wall Street, the heart of American capitalism, declares, "Credit: Man's Faith in Man." Credit is predicated on the promise that it will be repaid. Shakespeare's words in *Hamlet*, "Neither a borrower, nor a lender be: For loan oft loses both itself and friend...." is only true if we do not repay our loans and the gratitude that goes with them. Indeed not repaying our debts can give rise to even worse consequences, as victims of the mafia and triads will testify. Even threats of defaulting can be devastating, as Argentina is now discovering.

Ancient Muslim traders must have had a system of credit and promissory notes; they could not be hauling their gold and silver bullions on their caravans, risking robbery. The hang-up today's Muslims (and also others) have on the issue of credit rests on the related question of interest (*riba*) and usury.

The usual argument that interest is sinful arises because of the connotation of extortion. If a father needs money to buy food or medicine for his children, yes it is indeed sinful to charge him any interest at all for the money. If the recipient is truly needy, then simply donate the money. That is the basis of *zakat* or tithe, one of Islam's five pillars. If I charge the poor soul an exorbitant interest rate (usury) and if he fails to repay me (as he surely would), do I then break his leg, mafia style? That would not only be sinful but also criminal. You need not wait till Judgment Day to be punished; you go to jail right here on earth, and deservedly so. Nor can I make him my slave to pay off his debt. Slavery and indentured labor have long been banned.

On the other hand, if I have some spare funds that I do not need right away (for example, savings for my children's education) and an

entrepreneur could use that capital to start his business, I see no reason why I cannot be rewarded for letting him use my idle money. After all my money is like any other property I own. If he uses my car, for example, I can charge him a rental fee, so why cannot I charge him a similar "rent" (which is what interest is) for the use of my money? Another way of looking at it, my lending him money is comparable to my providing him a service. Therefore I should be suitably compensated for that service, just as surely as had I repaired his hernia. Besides, my lending serves the greater society, not just the two of us. His company would employ workers and produce useful goods. Had I kept my money under my mattress, nobody would benefit.

There is no question that *riba* is prohibited in Islam. It says so clearly in the Qur'an as well as in the various *ahadith*. The crux of the issue is to the actual meaning and intent of that ancient Arabic word. Words have a way of acquiring different meanings with time. Earlier I alluded to the term "poet," which was highly pejorative during the prophet's time. Likewise, what *riba* meant to the ancient Bedouins cannot be simplistically and literally be transferred to all forms of costs of capital in modern economics. One simple reason is that many of these modern financial instruments were non-existent in the prophet's time. There was no such thing as venture capital or corporate bonds in ancient times. Another reason for the prohibition of *riba* is that Islam prohibits "making money on money," which interests and other forms of the costs of capital imply. One can, however, make money by trading on goods and services, and Islam encourages this. The distinction between money and tangible goods is that the former has no "intrinsic value," thus trading on it is equivalent to gambling. The value of money is what society puts on it. While this is true for paper money, it is not necessarily so for gold and silver, Islam's ancient currencies. Those precious commodities do have intrinsic industrial values quite apart from their aesthetic (thus acquired) ones. Silver for example is an important ingredient in film imaging. And gold is useful in certain precision engineering as well as in pharmaceuticals.

For modern Islamic scholars to simply equate *riba* to all forms of interests is unwarranted. As I will show shortly, there are conceptual differences in the various forms of costs of capital (interest) and that, stripped of its mystery, trading on capital (money) is no different from trading in goods and services.

Going to my earlier example, how I charge that entrepreneur for the cost of renting my property (capital) is a separate issue. I could for example, share in the risk, that is, seek part control of his company. This is the basis of modern venture capital. When his company is successful, I would sell my shares and recoup my principle plus the "rent" or profit of my money, thus rewarding me for my earlier savings. If I do not want to take the risk of losing my principle, I could pre-sell my shares for a preset price to another willing individual. In this way if the company becomes very successful he gets a bigger reward, if it fails then he takes the risk. This after all is the basis of share options. These are all manifestations of the costs of my money, that is, interest. Or to use my preferred term, reward on savings and investments.

Alternatively I could claim a percentage of the final product. This is common in rural Malaysia where farmers would "rent" their idle rice fields in return for a portion of the harvest. The landowner may decide not to get the harvest and would prefer to sell his share back to the farmer and merely collect the cash. Whatever it is, there is a cost for the use of capital, in this case, his land. You may label this cost in whichever way: interest, stock options, dividends, part ownership, share of harvest, or whatever.

Muslim theologians have no difficulty grasping and agreeing to this concept of borrowing as the lender shares the risks with the borrower. This in contrast, in their view, of putting money in a simple savings account where the depositor bears no risks of losing his money (capital). This is only a matter of degree. There is a small risk, but thanks to modern safeguards banks today are very safe. But back in the early 20th century in the West and in many Third World countries today, you risk losing your precious money should the bank goes belly up. Indeed

many Third World citizens today (including many Malaysians) see an unacceptable risk in their local banks and thus put their money in foreign banks. Similarly, many an investor had lost their capital investing in Third World Railroad bonds.

Thus when an investor seems to invest his funds "passively," in reality it is far from that. He has to be prudent and investigate the risks and balance the rewards. Even in choosing a bank, not only has he to be careful to choose one that gives the best returns (interests) but also one that is safe, convenient, and offers superior services. All these evaluations have to be diligent. There is no such thing as a passive investor. Thus we could look upon interest as rewards for the diligence of the investor.

Viewed another way, interest or costs of capital may be considered as profits on the trading of that capital which happens in this case to be money, instead of land or rice.

In the ordinary trading of goods and services, there is a fair and right price, determined by the free market of willing buyers and sellers. But if one party monopolizes a commodity and starts hoarding it in order to exact an exorbitant price to rake in the maximum profit, than that is rightly considered illegal (and sinful). America has elaborate antitrust and other laws to prevent business collusion and other anti-competitive behaviors. Similarly in the trading of capital (money), there is a legitimate cost beyond which it becomes not only exorbitant but creates other serious consequences. Usurious (excessively high) interest rates are bad not only for individuals but also for society. They will extinguish all economic and business activities. There is no redeeming social or economic value in that. The economy would simply collapse. Malaysia was smart enough not to heed the advice of the IMF during its recent economic crisis to jack up interest rates to levels that would cripple an already ailing economy, just to support the currency and satisfy the IMF bureaucrats. The bane of many Latin American countries is that their interest rates are so high that they choke off all economic activities.

The voluminous Islamic literature on interests and credits can be divided into two categories: one, usually written by religious scholars who are well versed in Islamic literature but woefully ignorant of modern economics; two, works of competent economists but whose knowledge of Islam consists of selective quotations of the Qur'an and *hadith* to support their positions. Rare indeed is an exposition that compares and contrasts accepted and well-tested concepts and principles of modern economics and banking with traditional Islamic understanding of the subject. The reason for this is that few economists are well grounded in Islamic learning, and fewer still are religious scholars who also understand modern economics. The *ulama's* versions are long on erudite recitations of the Qur'an, *hadith*, and traditions. They strain to create qualitative differences between various terms which, stripped of their semantic gymnastics, are nothing more than a continuum on the risk-versus-returns spectrum.

The few notable exceptions to this sorry state of affairs are the contributions of Rice University's economist Mahmoud El-Gamal. He readily admits to not being a Islamic scholar but he has the advantage of at least being a native-born Arabic speaker and thus can read the original Islamic texts and relate those terms and practices into their modern counterparts.

As alluded to earlier, the biggest stumbling block to Islamic economics is the concept of interest. Stripped of its complexities, the issue can be simply reduced thus. When B borrows money (\$X) from A, there is a cost involved. Regardless of the terminology, someone has to bear that cost. If at the end of the year B returns to A the same amount of money he borrowed the year earlier, that is \$X, he claims to have satisfied the Qur'anic admonition that he repays his loan at its original amount, nothing more and nothing less. But has B done that?

Consider two facts. First is what economists refer to as the opportunity cost for A; he could use that money for something else that would give him profit or pleasure, instead of lending it to B. Assume the monetary value of that opportunity cost incurred by A to be \$Y. The sec-

ond factor is inflation. Inflation can be simply defined as the diminishing purchasing power of a given nominal sum of money. That is to say, an \$X today does not buy quite the same amount of goods and services as a year earlier, or stated in another way, an \$X today is not the same ("real") value as the \$X of a few years ago. It is only *nominally* the same. In actuality X is valued less now than in the past because of inflation. If B were to repay A fully a year later, B should also include the amount lost due to inflation. Had inflation rate been 10%, then B should return to A \$X plus 10% more. If B only repaid the original \$X, then he has only nominally paid the whole sum. In actual practical value, B has only partially repaid in the amount of only \$(X minus 10%). Then there is the opportunity costs incurred by A in lending the money to B; that is the \$Y discussed above. Thus to fully repay A, B would not only have to repay the 10% inflation rate but also the additional \$Y opportunity cost incurred. Thus to really fulfill the Qur'anic requirement of equivalency, the \$X of a year ago is now in reality \$X plus Y plus 10%. Note that there is no interest at all involved here; these are all real, tangible costs.

My essential point is this: when things are nominally (seen to be) the same, it may not be so in reality. Money was invented in part to put a quantitative value on a transaction so as to make it easier to compare the various costs. If economic transactions were accounted in terms of commodities, for example the number of durians, there will be the added issue of the quality of the fruit, size, and whether it is ripe, unripe or rotten. Ancient Arabs chose precious metals like gold and silver. Those can be standardized by weight and their quality cannot be adulterated.

Today money is merely paper or beeps of "on" or "off" signs on the digital highway. It is backed not by precious metals but by the people's faith in the underlying supporting economy. Inflation apart, money may lose its value through formal devaluation or changes in the foreign exchange market. To take an extreme example, a ringgit immediately before September 1, 1998 (the date Malaysia imposed capital control

and devalued the ringgit) was not the same value immediately afterward; it had lost 40% of its value with respect to the dollar. Thus if you borrowed one ringgit the day before the devaluation and then returned that same ringgit the next day, you have not returned the original loan even though nominally you have returned exactly what you borrowed.

I can further simplify my argument, this time by not using money but a concrete example. Suppose last year my friend "borrowed" a she-camel from me. A year later he returned the same camel to me. Many would consider such a transaction *halal* (not sinful) as no *riba* (interest) was incurred; he returned what he borrowed, nothing more and nothing less. But is this true? Imagine my camel was in heat at the time he borrowed it and was later "serviced" in the pasture by some loose bull. After a year (and a few weeks before he was to return my camel), she delivered a baby. Of course that baby camel would belong to my friend, but two questions would immediately arise. One, is the camel he returned a year later the same one (in monetary value as well with common sense assessment) he borrowed? Obviously not; not only is my camel now "worn out" (depreciated, to use a business term) but also, I cannot immediately breed her as she had just delivered a baby. That baby camel may be my friend's gain but it is definitely my "opportunity cost" loss. Had I not lend him the beast I would have a baby camel.

Another is a real life example. During the Japanese occupation a neighbor back in my old village borrowed some money for a short term to buy land. The working currency then was the Japanese "banana" notes. A few months later, as promised, he repaid the loan in full. But by this time there were rumors of the Japanese defeat, and although the currency was still accepted officially, in the marketplace it was rapidly becoming worthless. The crux of the issue: Has the man repaid his creditor in full? Nominally and technically he had; in practical and real terms he had not. This is a very dramatic example, much more than the ringgit depreciation case noted earlier.

In both examples there was no interest calculation to complicate the issue. Yet even without interest involved, defining whether one has actually repaid in full what one has borrowed can be problematic. There is a difference between nominal and real values. Most of the time the difference is small or very subtle, but there are times when it can be very dramatic. When the Qur'an says you must repay in full, it means to my common sense thinking to repay the *real* original value.

Modern economists differentiate between *real* and *nominal* interest rates. If a bank charges an (nominal) interest rate of 15% per year but during that time the inflation rate is 10%, then the real interest is only 5% (15-10). Had the bank charges a rate of 10%, then the real interest rate would have been zero, that is, no interest, technically as well as in reality. Looked at another way, the interest rates charged by banks are not interests at all, rather the anticipated inflation rates.

Again this concept can be readily adapted to tangible the items of life. Suppose last year there was a drought and the rice fields were damaged. The price of rice jumped because of the shortage. I borrowed ten pounds of rice from my neighbor. Two years later, the rains came and the harvest was bountiful and the price of rice dropped. At this time I repaid my neighbor with exactly ten pounds of rice. Have I returned exactly what I borrowed? Common sense says no. Two years ago during the drought, ten pounds of rice was worth \$20, but with the glut it dropped to \$5. To fully repay my neighbor, I should have given him 40 pounds (\$20 worth), not 10. And that extra 30 pounds would not be *riba*.

A comparable episode occurred during the prophet's time. One of his companions had borrowed a sac of dates. They were the premium first pick of the season: thick, sweet, and luscious. A few months later he repaid with an equal sac of dates, but this was at the end of the harvest season and the nuts were dried up, less sweet, and plentiful. The lender rightly asked for more. The companion asked the prophet whether the added amount demanded was not *riba*. The prophet emphatically replied that it was not, and indeed asked the companion

to go back to the marketplace to ascertain the price differential between the premium first-pick dates versus the season's leftovers, and make up the difference.

Two important points here. One is the concept of nominal versus real. The two sacs of dates may be nominally the same, but in reality they are worth a quite a bit different. Two, the prophet (pbuh) trusted the marketplace to determine what the true value of the two sets of dates. I will return to this second point later in Chapter II when I discuss free enterprise as an Islamic tradition.

Modern Islamic bankers have learned well from their predecessors in trying to circumvent the prohibition on *riba* by resorting to service charges, commissions, and other charges. Those ancient Muslims also published their bag of "tricks" in a book they blatantly titled *The Book of Escapes and Ruses!* It was these novel interpretations of traditional teachings that enabled the Muslim economic empire to expand. At least those ancient Arabs traders were honest enough to admit that they were circumventing the system. And being honest is the first precept in any religion.

My central thesis is this: money, deprived of its mystique, is like any other commodity and property. I can rent my house and rightly claim rental income. I could similarly "rent" out my capital (money) to someone and collect rental income (return on investment). This rental on my capital can be collected in a variety of forms: interests as in simple lending; dividends with bond investments; company shares with stock market (equity) investment; or co-ownership as with venture capital investments. The differences are only matters of degree and not in kind, quantitative not qualitative. They reflect gradations in magnitude of the risk/benefit ratio. The simple interest with bank deposits represents the lowest risk and also correspondingly the lowest returns. Venture capital investments represent the biggest potential for profits but also the greatest risks. It is an investment axiom that high rewards come only with high risks.

Enthusiasts of Islamic banking go through contorted reasoning in trying to differentiate between *riba* and other forms of returns on investments that are deemed religiously acceptable—*halal*. Techniques like cost-plus sales (*Murabaha*), deferred payment sales (*Bay Mu'ajjal*), deferred delivery sales (*Bay' Salam*), and credit sales (*Bay Bi-Thaman 'Ajl*) all carry hidden costs that, as El-Gamal rightly observes, any high school student could easily calculate their imputed interest rates. All these Islamic bankers have achieved is simply to complicate an ordinary and simple traditional credit transaction in an effort to camouflage the cost of the funds (interest) by calling it some other fancy name. In the process it makes "comparison shopping" difficult for the consumers. The beauty of modern credit sales is that they reduced the costs of the credit to a simplified figure that can be used for easy comparison.

Credit, which is a manifestation of lending, is a modern fact of life. If everything had to be done on a cash basis, the economy would be crawling. We use credit to build hospitals, schools, and hosts of other activities that benefit society.

Grameen Bank's Muhammad Yunus asserts that credit is a basic human right. Everyone is entitled to it, especially the poor. Grameen Bank has improved immensely the livelihood of many Bangladesh peasants with its micro credit lending programs. In any religion, that would be considered a praiseworthy deed.

Credit is a matter of faith, and not repaying a loan would be a breach of faith. And breach of faith is not only a sin, it is also a crime, and rightly so. Today we have some Muslim zealots who rationalize that they can borrow money but need not repay it, claiming that interest is *haram*, and therefore the loan itself is *haram*. They suddenly discover religion when it comes time to repay the loan. How convenient! If they feel that way, then they should not have borrowed in the first place. To me the greater sin is to borrow with no intention of repaying.

The greatest obstacle to the economic growth of Malays and Muslims generally is that we have denigrated the rewards of savings by labeling them as interest and thus *haram*. Thus I purposely choose the

neutral term "rewards on investments." We can encourage Malays to save even more if we can dispense with the theologically loaded term "interest" and substitute my "rewards on savings" instead. This is more than just a semantic change or an attempt at "spinning," rather it represents a qualitative change in concept. It recognizes that lending is a legitimate human activity—a valid service—and therefore profits on it are as valid as in with other economic activities. I will elaborate on this point in the following section on Islamic banks.

ISLAMIC FINANCIAL INTERMEDIARIES

Trade had been flourishing for centuries in Arabia, immediately before and after the prophet's time. All that buying and selling, together with the caravan expeditions, could not have taken place without there being a satisfactory financing mechanism. There must have been a system for connecting the owners of money (savers) and the users of cash (investors and traders). Yet despite that flourishing head start and seemingly workable system, Islamic finance later went into decline. It is instructive that the decline in Islamic economics parallels the decline in Islamic civilization.

Today Western financial institutions are preeminent. Western banks and other financial intermediaries did not develop overnight. They have been refined, modified, and strengthened over the centuries. The process continues to this day. Today's banks are a far cry from what they were a century earlier. The essential ingredient to the success of banks is the faith people have in them. Absent that, not even the strongest institution could survive. All the regulations and innovations in banking serve only one purpose: to strengthen that faith and confidence. Bank failures and runs on banks were common in America during the depression. Those events are thankfully rare today, in part due to the diligence of the Federal Reserve System and the Federal Depositors Insurance Corporation (FDIC), the regulatory agencies of the federal government, together with strengthened prudential rules on

reserves, heightened fiduciary responsibilities, and improved auditing. These refinements have been incremental, each in response to specific problems and crises. Banks still fail today, but thanks to the FDIC, depositors (at least the retail consumers) simply transfer their accounts to another banks without any hitch. The system is by no means perfect, as was painfully demonstrated by the massive Savings and Loans scandal of the 1980s.

The spectacular economic achievements of modern societies are attributable to the efficacy and efficiency of their financial intermediaries. Countries that have efficient and stable financial systems advance; those that don't, decline, as demonstrated by Thailand, Indonesia, and a host of Third World nations. To many thoughtful analysts, the Asian economic crisis of 1977 was in essence a crisis of the banking system.

Within the last few decades, Islamic-based financial institutions are trying a comeback. As with everything Islamic, the concept sells with Muslims. America now has mutual funds and mortgage companies run along Islamic principles. Even venerable Western banks like Citibank are entering the fray. Academic papers and conferences proliferate. Harvard' Institute of Islamic Finance and Information Program (HIFIP), with intellectual contributions from its renowned business and law schools, has been organizing annual conferences for the last few years that brought in luminaries from all over.

Much has been said of Islamic banking in which supposedly no interest is charged. This is purely semantics. Sure these banks do not charge interest in the usual sense; instead they tack on "service" fees and points. In the final analysis there is still a cost for the loan. I can give someone a 0% percent loan but charge exorbitant points, commissions, or fees to recoup the cost (interest) of my capital. The end result is the same; the borrower pays a price and the lender gets a reward.

There are American finance companies that cater specifically to Muslim homebuyers who are squeamish about mortgage interest payments. To obviate this, the prospective homeowner goes into partnership with the company to buy the house. The homeowner pays 20% of

the price and the company the other 80%, as in a traditional mortgage. But instead of paying the mortgage as in a traditional loan, the homeowner pays a market rent to the company for use of the house, with 80% of the rent payment going to the company and 20% credited to the homeowner. Every few years the house is reappraised and when the total payments cover the cost of the house based on the latest appraisal, the house would then be transferred exclusively to the owner. If the rental market declines, the homeowner will pay less every month, which would be to his or her advantage. But if the market appreciates, as it typically does, so will his rent, and he will end up paying more cumulatively. Not only that, the company gets to reap the bulk of the benefit (80%) of the gains on the house's price appreciation. So the consumer gets bilked twice, once in his higher monthly rent and second, in not getting the full benefit of the price appreciation. This is also an inherently a bad system as it creates a perverse economic incentive for the homeowner not to keep up or improve the house so its value would drop, and his payments would similarly fall. This is no way to run a modern economy!

In addition, there are all those costs of the appraisals that are being borne by the homeowner.

In reality what these companies are doing is nothing than more an equity-sharing scheme. This has not caught on in America precisely because of the perverse economic incentive. A more popular variation of equity sharing is where the homeowner goes into partnership with a friend or family member to pay for the down payment and then together they would secure a traditional mortgage. When it is time to resell the house, the profit would be shared based on their contributions towards the down payment. With this scheme, there is still the issue of interest payments on the mortgage.

With a traditional mortgage in America, if the borrower is unable to keep up with the payments, he could sell the house and whatever is left after he paid off the loan balance is his to keep. But if the value of the house were less than the amount owed (as had happened in declining

markets), and the bank forecloses on the home, the borrower would not be saddled with the outstanding balance. This is because all home mortgages have a "non recourse" clause. The borrower would lose only what he has paid into the house (his equity). So if the concern of the Islamic groups that borrowers would be saddled with debt payments forever, than there could be a similar "non recourse" clause in selected loans like study loans and loans for one's primary residence.

Similarly if the borrower is unable to repay the loan because of a legitimate reason like illness or death, the loan contract could be designed to cover such eventualities. Many loans now have mandatory disability and life insurance policies attached to them to cover such calamities. But insurance too is anathema to traditionalist Muslims, but I will come to that shortly.

I have a traditional home mortgage and I am quite comfortable with paying the interest on it. I rationalize the interest I am paying as being the rent for the house, and the principal as the payment towards the house. Technically this is correct as the bank has priority over me to the title of my house.

Most of the activities carried by Islamic "banks" are really not the proper purview of traditional banks. Thus leasing (*Ijaara*), another common service provided by Islamic banks, is done in America by finance companies or directly by the dealers and manufacturers. Islamic bankers also make a big deal on the supposed difference between leasing, which is *halal* because there is no interest, and traditional loans and mortgages, which are *haram* because of *riba*. But this is a meaningless difference. I could easily convert my mortgage into a long-term lease with the same terms, and at the end of the "lease" (mortgage) I would have an option to buy my property at an agreed upon nominal price. One could just as easily calculate the imputed interest rate on all leasing arrangements. Similarly, the profit sharing and "equity participation" lending that Islamic banks partake are properly the function of mutual funds and venture capital firms rather than banks.

By using the familiar term "bank" to describe activities that are properly the purview of other non-bank institutions, proponents of Islamic banking are misleading consumers. All these deferred sales, service charges, and lease payments are nothing but euphemisms for the cost of borrowed funds, more commonly referred to as interest. As Islamic banks do not function like a traditional bank, they should not use the label "bank." Instead they should use the more generic term, Islamic Financial Institutions (IFI), so as not to mislead the public. I would not however, recommend the acronym "iffy!"

IFIs thrived in the first few centuries of Islam not because those early Islamic thinkers had found a magic way to dispense with the cost of funds and return on investments, rather they used different terms (or more crudely said, put a different spin on the issue) to circumvent interest.

The modern version of Islamic banks was resurrected only in the last few decades. Despite its recent rebirth, its popularity has soared both in Islamic and non-Islamic countries. This recent history should serve as a ready caution. The system has not been tested. The system of auditing, accounting, and regulating has not been standardized. What I fear most is that should Islamic banks fail in an economic crisis that would not only aggravate the situation but also set back people's trust in them. This in turn would severely shake Muslim's trust in their religion.

A senior official of the Federal Reserve Bank of New York, which supervises the world's largest and most sophisticated banks, voiced his concern about this in his address to a meeting of Islamic bankers who were eager on introducing the concept to America. Through bitter experience America has wisely separated commercial banking from insurance and investment banking, and also banking from commerce. A century ago American banks were deeply involved with commercial enterprises much along the lines currently advocated by proponents of Islamic banking. The 1930 depression was blamed in part because banks were deeply involved in speculative share trading activities of

companies they owned. Further, such co-mingling of banking and other commercial activities could lead to an unhealthy concentration of economic power. Banks would then cease from becoming an impartial arbiter of credit worthiness.

Modern Western banking has been continuously refined over the past centuries. Banks today (at least in Western countries) are safer and offer better services. They have also contributed immensely to economic development. The challenge for IFIs is not simply to say that Western banks are un-Islamic but to offer comparable services to customers and thus serve the economic needs of society.

Instead of trying to parse non-existent differences between interest and other costs of funds, modern Islamic bankers and economists should more productively focus their intellectual resources to differentiating the various kinds of lending. Islam rightly prohibits "making money on money," which I interpret as gambling, but encourages trade, which is taking risks in productive investments.

There are certainly significant differences between my borrowing money to buy a Mercedes limousine to show off to my colleagues and neighbors, or to use it as a taxi. The economic multiplier effect of the purchase, for example in creating jobs at the factory as well as the car repair shops, is the same in both cases—the direct effects of consumer spending. From there the economically meaningful differences emerge. With the first instance I am using borrowed funds for consumption; the second for production or investment. With the latter I, as a borrower, would actually earn money (passenger revenues) as a consequent of the loan. And if I share my taxi with another driver, that would create yet another job (making a total of two taxi drivers). No such additional incomes or job creations would result with the first type of borrowing. Additionally, my taxi would provide a much-needed transportation service to the community. My private limousine would only create more pollution and envy from my neighbors. But the most important difference is that with the first borrowing, only the lender

(bank) makes money out of the borrower; with the second, both lender and borrower make money.

In either case money is being borrowed and interest (cost of funds) incurred. But with the second case the borrowing serves a useful societal purpose; it is in fact a form of trading. I trade my service or expertise as a taxi driver for the bank's capital. The first borrowing on the other hand, is purely for consumption. One can be easily persuaded that borrowing in the second instance should be encouraged as society as a whole benefits from such activities. No such societal benefits would accrue from the first borrowing. Thus we could properly differentiate, as many recent scholars have suggested, between the costs of capital in the first type of lending as interest, *riba*; the costs in the second instance should be more accurately called profit on the trading of capital, which in this case is money instead of the usual assets such as goods and real estate.

Muslims must remind ourselves that current accepted interpretations of terms such as *riba* and *gharar* (risky sale, speculation) are just that: interpretations. Indeed there are some scholars who interpret *riba* to mean excessive interest. Just as excessive profit is bad (and often illegal as they are usually obtained through such means as market manipulation, monopoly, or plain hoarding) so too are excessive interest rates. Likewise there is a conceptual difference between interests on "productive" versus "consumptive" loans. The latter would more likely fit the description of *riba* while the former as profit on the trading of capital.

There is a comparable controversy on whether insurance, specifically life insurance, is *halal* or *haram*. Islam has its own version of managing risks, *Takaful*. (mutual aid). Again here it is the duty of its proponents to clearly differentiate their product, especially with respect to safety, security, and rate of returns from traditional insurance so consumers could be better informed and be able to "comparison shop" intelligently. In such important matters we must go beyond simplistic and legalistic changes of specific words but instead concentrate on deciphering the meanings and intent of such terms.

Indeed Muslim shippers in Spain first started the very concept of *takaful* or insurance. They would collect levies on each shipper so they would have funds to support the unfortunate shipper who would meet untimely calamity along the way. Of course the concept has since developed a long way from there.

When one traces the development of insurance from a mutual aid society, the *ulama* can easily understand and readily agree to the concept. I once explained to an *alim* who vehemently opposed life insurance, the concept of risk sharing. I described a community where when someone dies, the rest of the community would contribute some money to take care of the deceased's family. He readily agreed to the benefits of such deeds and went on to quote eloquently some holy passages to buttress his agreement. Then I suggested that instead of collecting the money only when someone dies, we would collect it regularly and put that cash in a pool ready to be distributed at the time of need, that is, the death of a member. Again, he readily concurred. Then I moved on and suggested that instead of giving the same amount of money for each family, we use our judgment and give more to those who die leaving behind young children as opposed to those whose children have grown up. Again, he readily agreed to the rationale that the expenses of a family with dependent children are certainly greater and therefore they should get more. Then I made the leap forward by suggesting that instead of us or the village committee deciding how much money the deceased family would get, we let individual members decide how much to leave to their family when they die. Surely the individual is the best judge on the needs of his or her family. Those who want to leave more would of course have to contribute more; those who want to leave less would contribute less. Again he saw no problem with that. Then I surprised him by saying that is in essence the concept of life insurance. You decide how much your family gets when you die and you make your contributions (that is, pay your premiums) accordingly.

Today, life insurance is much more complex as other risk factors like age and family history are considered. And instead of a village committee we have a team of professional actuaries who assess and price risks as well as invest the premiums. But cut to its core, life insurance is essentially a commercialized mutual aid society. The money contributed (premiums), instead of being left underneath the village headman's mattress, is being invested and thus further contributes directly to the economy.

The *ulama's* prohibition on insurance, specifically life insurance, is simply based on their lack of understanding of the concept of risk sharing. They have this simplistic notion of life insurance as a bounty to invite some mischief on the part of the beneficiary in order to collect the cash. Well, such a scheme is a crime. One would be punished right here in this world for fraud and murder.

Life insurance, like other forms of insurances, is merely a form of mutual sharing of risks. Nothing prevents a community, co-operative, or a "mutual" company from offering such investments. Indeed such co-ops and mutual insurance companies are among the biggest issuers of insurances in America. The Mormon Church has a similar insurance-like scheme by levying charges (tithes) on its members to take care of the sick and disabled amongst them.

By educating Muslims generally and the *ulama* in particular on such modern and useful concepts of economics, and replacing such loaded terms as interest and insurance with the morally neutral terms as rewards on savings and risk sharing, we would channel the natural propensity for Malays to save even more. This in turn would encourage other productivity-enhancing economic activities.

Western financial institutions have done a remarkably efficient job in contributing to the economy. It is difficult for a country to advance unless it has a well developed and sound banking system. Western financial institutions have done an equally credible job of democratizing financial services. When I started my practice over two decades ago, I could not get a line of credit, as that was available only for major cor-

porations. Thus I had to borrow the whole lump sum right away and began paying interest on funds I did not need immediately. Today lines of credit are common even for ordinary retail customers. Similarly, new entities like money market and mutual funds enable average consumers to participate in more productive investments that were previously reserved for rich clients. Average Americans, thanks to such innovative financial instruments, can now invest their funds in foreign companies and other ventures besides the traditional stocks and bonds through the convenience of their unit trust and mutual funds.

Modern banks are by no means perfect. In times of crises, as documented by the Nobel laureate Joseph Stiglitz, banks can behave just as irrationally. Indeed the common wisdom that banks willingly lend money when you do not need it, and then quickly withdraw it when you really need the funds, is not without foundation. As an ancient Malay saying would have it, it is akin to lending someone an umbrella, but when it rains take it back! Banks are also not averse to shirking their community responsibilities. In times past it was common for a bank to come to a community only to collect the deposits, and then invest the funds elsewhere. Today in America, with the Community Reinvestment Act, banks are required to invest a percentage of their deposits within the community. Banks have also been known to "red-line" neighborhoods, and discriminating against poor and minority borrowers. Again with civil lawsuits and better auditing, banks are doing less of that now.

The rigid rules governing loan-loss provisions and the strict definition and enforcement of non-performing loans (NPLs) that are internationally accepted may be harsh. Indeed Malaysian leaders severely criticized the IMF for insisting that Asian banks use the widely accepted "non-activity-for-three-months" rule for NPLs while Malaysia has been using the more lax (kinder?) six-month rule. When banks classify loans as "non performing," it means more than just calling in the loans and making the necessary "loan loss" provisions as mandated by law. It means that factories and companies are being shuttered and

workers laid off. There are significant human and social costs associated. When Enron, the giant electricity company, was forced into bankruptcy, thousands of workers were stranded and its hometown Houston was thrown into a tailspin. Cruel as that may seem, consider the alternative of keeping such companies alive. For one, its creditors and banks would have to continue to pour their precious depositors' money to support the ailing company. Indeed had this continued, Enron would not only have driven itself into the ground but also would have take along other healthy companies. Thus while we may sympathize with Enron's fate, we should also be considering the fate of the depositors who put their hard-earned cash into Enron's banks. It is better that one company fails rather than a major bank. With the former only that company's shareholders, employees, and other stakeholders are affected, but when a major bank fails, the ripple would be felt throughout the economy. Had Bank Bumiputra followed international guidelines and been aggressive with its delinquent borrowers in the very beginning, it would not have folded, taking with it billions in taxpayers' precious funds and even more importantly, the people's (especially Malays') confidence in the system.

To reinforce my main points, yes, there are weaknesses in the present Western banking system. It is being continuously improved and strengthened. The present complex set of internationally-accepted banking rules and regulations have been fine tuned over decades; Third World regulators ignore them only at their own peril. My biggest concern is that because of its novel business arrangements, these Islamic banks cannot be adequately scrutinized by present banking regulations.

The purported advantage, if not its prime selling point, is that Islamic banks are not lending out their depositors' funds, rather the customer and bank have a "profit and loss" partnership arrangement. This is ingenious at best. First, such "partnerships" are so lopsided that they cannot be fair to the customer. If a particular venture were to lose money, who is to check the bank's accounting? Second, if the bank fails, who has first claim on its assets? The customers, who are theoretic-

cally owners of that asset, or the shareholders, who are also owners of the bank? Clearly there is a potential for a serious conflict of interest that has yet to be resolved.

I consider myself a sophisticated consumer of financial services. Yet I find it difficult to evaluate and compare the costs and risks of the various products and services offered by Islamic banks. Hence I have not used them. My late sister had a home "mortgage" with an Islamic bank that supposedly charged no interest. But when I compare the actual "costs" of her mortgage and calculated the imputed interest rate, hers was at least two hundred basis points above that offered by conventional banks. Worse still, when interest rates rose, her payments went up with them. America has variable mortgage rates too, but those loans have caps to protect consumers. No such protections exist with Islamic banks. The end result is that Islamic banks are taking advantage of their customers. No wonder there is a headlong rush by Western banks to enter the Islamic market. They have successfully transferred all the risks to the customers while raking in all the rewards! A rip off, even if done in the name of Islam, is still a rip off. Sadly, many consumers in Malaysia and other Muslim countries are woefully uninformed in economic and business matters and are easily swayed by the Islamic label.

In the final analysis credit, which is the flip side of lending, is like any other modern instrument. Used properly it brings untold benefits to individuals as well as society; abused and it will exact its stiff price. To a skillful surgeon, a scalpel is a lifesaving tool; to an idiot it is a killing kit. To Muhamamd Yunus, the founder of Grameen Bank and who has done so much to uplift the lives of millions of Bangladesh peasants, credit is an effective instrument to reduce poverty.

Nations are like individuals. If they borrow millions to build palatial mansions for their leaders and fancy headquarters for their civil servants, it is the equivalent of my earlier example of borrowing money to buy a Mercedes just to show off. But if nations borrow to invest in their schools and infrastructures, then it is like my buying my own taxi.

I fear that the current obsession with whether certain forms of "returns on investments" (interests) are *halal* or *haram* is counterproductive. They discourage Muslims from productively managing their idle funds. Savings and borrowings (or credit) are vital ingredients for economic development. No country can progress unless its people save (capital formation) and credit readily available to its entrepreneurs and producers. Credit made possible the spanking new North-South freeway and the new Kuala Lumpur International Airport. Credit enables Americans to have the highest standard of living and helps push Japan, Taiwan, and South Korea into the First World. At the same time, credit (or more accurately, excessive and imprudent borrowings) was the downfall of Argentina and hosts of other Third World countries.

Through practical experience economists and bankers have come up with useful guidelines on the prudent use of credit. The priority should be to educate the masses on these guidelines so they can become better informed and therefore safer and more prudent users of credits. Today I have more debt than I ever had but I do not feel overwhelmed or threatened. For one I have put my credit to productive use by buying appreciable and revenue-producing assets, and not to finance my vacations or daughter's wedding (the equivalent of buying taxis instead of limousines). Two, my debt payments are comfortable relative to my income and my other assets. Should my income drop I would of course have to dispose some of those debts, but since I have used them to buy productive or at least appreciating assets, I do hope to come out ahead.

Muslim theologians and economists should quit quibbling over what some ancient Arabic texts may or may not mean in the context of the 21st century, but instead educate the *ummah* on the prudent and productive use of credit. Perhaps they can find in their study of those same ancient texts something to support the contention that there are indeed qualitative differences between productive and consumptive loans. But before they can find those theological justifications, these scholars must first understand and be convinced that there are indeed real and significant differences between the two and that they are not

merely semantic gymnastics. It is difficult to find or discern something if one does not know what one is looking for. Even if we do not find that theological basis, we must still train Muslims to use credit wisely. To revert to my earlier analogy of the knife, to train Muslims to use that instrument to good purposes like sculpturing and surgery, and not to use it for evil deeds like killing. Muslims must stop this endless argument on whether the knife is intrinsically a *halal* or *haram* implement.

Many Muslim are sincerely trying to lead a pious life and are susceptible to the Islamic cachet. They implicitly trust everything that has an Islamic label and those who proclaim their Islamic credentials and trust in Allah. Thus they readily suspend their critical faculties when evaluating Islamic products and services. We should teach our fellow Muslims not to do that. We should paraphrase President Reagan's notorious opinion of the Russians—Trust but verify—into its comparable Muslim version. Yes, trust in Allah, but we must verify everyone else, even if they swear by the Almighty!

As an aside, in content as well as sequence, this chapter should rightly be a subsection of the previous chapter on culture. But because of its length and unity of thought, I have made it into a separate chapter. After examining culture generally and of Islam in some depth, I will now examine in the next chapter the role of the other social institutions in Malaysia, primarily the justice system and the law.

advanced to be able to offer scholarships to foreigners, and he advised me to use the opportunity to learn everything about the country, and not just come home with a degree. Thus my summer months were spent working at such places as a dairy farm and a summer resort, working and interacting with ordinary Canadians. I would write home frequently about my observations.

I described how efficient the modern dairy farms were, and of cows with humongous udders pouring out literally gallons of milk daily. Once I related how the farmer had unhesitatingly discarded a bucket of fresh milk, as he did not know whether it had been contaminated. That potentially spoiled milk, he noted, would be mixed with others, and thousands of customers would be sick. Besides, the reputation of his outfit could not be compromised or ruined for the sake of a few dollars worth of milk. On another occasion, after a bus trip, I wrote of my wonderment at Canadian bus drivers; how professional and proud they were about their job. Indeed they were dressed like pilots, with their crisp light blue long-sleeved shirts neatly tucked inside their dark blue pants, complete with a bow tie and a captain's cap. That bus driver had taken us through the neighborhood where he lived and proudly showed us, the tourists, his home. It was a neat, modest track bungalow in a clean pleasant suburb. I could not help but compare him with his Malaysian counterparts who for the most part had their shirts flying loosely untucked, with untied shoes or slippers, and generally looking disheveled.

Through such regular commentaries my father knew firsthand about life in Canada. He had the right impression that the West is indeed advanced and wondered why or how it got that way while countries like Malaysia were still struggling.

My old man was on to something profound when he observed that obeying the law when no one is watching is a key ingredient to the West's success. To many observers, a respect for the rule of law is a prerequisite for progress. A modern society is ruled by law, and not by

men. Progress cannot take place when there is callous disregard for the law.

This respect for the law must be shown not only by ordinary citizens but also more importantly, the leaders. For when leaders abuse their privileges and flout the law, then there is little hope for the country. This abuse can come in many forms, from outright disregard of the law to more subtle forms as in selective prosecution and uneven application of the law. When leaders and the elite do not respect the law, it sends a clear message to the masses to do likewise.

Similarly all laws must be respected, even the seemingly minor ones. The contemporary American political scientist James Q. Wilson first made the astute observation that when we ignore violations of minor laws, this would later encourage the breach of more serious ones. Law enforcement agencies are now familiar with the "broken window syndrome," that is, when we ignore minor vandalisms like broken windows, we encourage others to commit even greater crimes, until the whole building is completely wrecked or burnt down by arson. New York police successfully reduced the rate of major crimes by first cracking down on such seemingly innocuous ones as loitering, jay walking, and littering. When ordinary citizens see that such minor laws are being strictly enforced, they rightly assume that other more serious infractions would also be vigorously pursued.

Going back to my father, I should have given him an update on my driving habits now that I have lived in California for a while. Californians are among the worst drivers. They consider a stop sign only a suggestion; and a yellow traffic light a signal to step on the gas!

Apart from respect for the law, another feature of the West is the premium it places on individual and personal liberty. Americans do not appreciate this freedom as it is taken for granted. They are sensitized only when that freedom is threatened or breached. Notice the current uproar over the president's proposal to detain potential terrorists without due process in response to the 9/11 tragedies. Americans become very much aware of their cherished freedom when they are

abroad. Once on a flight to Malaysia I came upon an article in a regional publication that was supportive of Malaysia but contained some mild but valid criticism of the leadership. I related that article to my Malaysian friend, and he too was interested to read it. I rushed to the nearest bookstore to get a copy of the magazine. (Having been away from Malaysia, I have not developed the habit of swiping the airline's copy!) Imagine my horror when I could not find the article; the pages had been neatly excised! Some bureaucrats in the censors' office had the audacity to decide what I can and cannot read. How insulting! I felt violated.

This blatant disregard for the rights and dignity of the individual is pervasive in the Third World. These poor societies fail to appreciate that in the final analysis it is individuals who effect changes, and thus progress. Western societies are more progressive because they place a premium on the individual. Eastern societies generally submerge the individual to the needs of the larger society. They emphasize society's goals and stability over that of the individual, as encapsulated by the Japanese saying: the nail that sticks out gets hammered. At least that is the perceived wisdom.

I challenge this. Consider what the Sudanese reformist Ustaz Mahmud Taha wrote in 1963, "Every individual is, authentically, an end in himself. He is not means to any other end. He—even if he is an imbecile—is a "God" in the making and must be given the full opportunity to develop as such. Liberty is the prerequisite need. Man must be free from all dehumanizing influences—poverty, ignorance, and fear."

Fifteen years earlier, the United Nations, using far less elegant prose, said essentially the same thing in its Universal Declaration of Human Rights. In its preamble the document reaffirms the inherent dignity and the equal and inalienable rights of all humans as the foundation of freedom, justice, and peace. The document's first article could easily have been taken from the Qur'an when it declares that all human

beings are born free, with equal dignity and rights, and are endowed with reason and conscience.

Many outside the West would challenge the universality of this UN Declaration, especially its statement reaffirming the primacy of the individual. But as the Islamic scholar the late Fazlur Rahman wrote, "Whether ultimately it is the individual that is significant and society merely the necessary instrument for his creation or *vice versa* is academic, for individual and society appear to be correlates. There is no such thing as a societiless individual."

Society and individual may be the two sides of the same coin; nonetheless our attitude or more importantly the attitude of those in power as to which side to be viewed first, involves more than just a simple toss of the coin. The difference between a totalitarian state versus a civil one is that with the former, the individual serves the state; in a civil society, the state is there for the citizens. This seminal distinction makes all the difference.

The purported supremacy of Asian values that place a premium on societal goals over the dignity of the individual is in reality at best nothing more than a benign manifestation of authoritarian tendencies. It is no surprise that such societies are prone to militaristic and dictatorial tendencies, as demonstrated by Communist China and the Japan of World War II.

Indeed one can guess accurately the state of a nation by seeing how it treats its individual members, especially its intelligentsia and talented members. I see daily reminders of this in America. Visit any prestigious university in the West and you will find brilliant scientists and scholars from the Third World. The more backward the country, the more its citizens are represented. India and China are both backward, but America has an extraordinary number of their talented scholars and scientists. Many of the "hi-tech" startups in Silicon Valley are the brain-child of Chinese and Indians entrepreneurs. The Egyptian Nobel Prize winner in Chemistry (1999), Caltech's Dr. Ahmad Zewail, did his formative research in America. The Egyptians recognized him only after

he made a name for himself. The Pakistani-born 1979 Nobel laureate in physics, Abdus Salaam, too did his pioneering work in the West. Visit any leading American medical center and you will see many luminaries from such countries as Pakistan, Ecuador, and Ethiopia. While every year America routinely grabs the lion share of Nobel prizes, what is not commonly recognized is that many of these geniuses are foreign born. These talented individuals had to leave their native land to maximize their potential.

When I see how Indonesia treats its gifted writers like Pramoedy Ananta Toer, I am saddened not so much for him but for the Indonesians. Here is a talented writer, God's gift to the Indonesians, and their leaders treat him like a criminal. They fail to respect much less appreciate his precious talent. While eminent American universities like Cornell and Cal Berkeley laud him, back in Indonesia his books are banned. It is instructive that he was nominated by his Malaysian admirers for the prestigious Maysaysay award which he won in 1965. Meanwhile back in Indonesia the military rulers were debating whether he should be allowed to leave for Manila to receive the award. Reading his autobiography, *Nyanyi Sunyi Se Orang Bisu (The Mute's Soliloquy)*, I am struck at how callous and cruel the authorities are towards their citizens. Pramoedy's fate is in stark contrast to how writers are treated in America. For one, their intellectual property is well protected and they get generous royalty payments. Two, they are honored and rewarded with offers from universities to be their writer-in-residence or such similar program. But in Indonesia Pramoedy was tortured, his private property and invaluable manuscripts confiscated, and he was banished to a remote island. What Indonesia is saying to its citizens especially its talented ones is this: We do not respect your skills and ability; and if you become too smart, we will show you who is smarter!

The genius of modern Western civilization is its fine balancing between respecting individual freedom and rights on one hand, and the needs of society on the other. A salient feature of Western democ-

racY is the freedom it affords individuals to pursue and fully develop their talent and abilities. Only modern democratic societies have successfully resolved the continuing dilemma of reconciling the needs of the individual with the claims of society. Totalitarian societies that prize the supremacy of society (or more correctly, the needs of those in power) have repeatedly proven to be disastrous failures. The abject failure of present day Islamic societies is precisely because their rulers have subjugated individual freedoms to the needs of society and its leaders. They have confused obedience to the state and its leaders as being the same thing as obeying God. The one common feature of many Third World countries today is their callous disregard for the dignity of their citizens.

The Golden Age of Islam was attributable to the remarkable freedom afforded to individuals. Such freedom resulted in the intellectual fervor that produced such giants as Imam Ghazali, Ibn Rashid, and Ibn Sinne. Historians now recognize the pivotal contributions of these early Muslim thinkers to the later European Renaissance.

To the extent that modern Islamic reformists would like to bring Islam back to those pristine values of the past, especially the respect and dignity for the individual, I am all for it. But present day Islamic "reformists," especially those in the Third World as represented by PAS in Malaysia and the Taliban in Afghanistan, would have their citizens be subjugated by the state. They have the supreme arrogance to believe that their state is divinely sanctioned, and thus holds supremacy over the individual. These leaders ought to be reminded that Islam thrives only in an atmosphere of freedom.

An all-knowing God (*Al-Aleem*) has also bestowed upon each person an intellect, *akal*, and with it the capacity to think and reason. This divine gift is unique only to humans; it enables us to decide between good and bad, right and wrong, and whether to believe or not to believe. With this attribute man is also capable of creative knowledge. In short, man is not a robot. This human potential would be stunted if we do not have freedom in the broadest sense of the word. Or as Mah-

mould Taha put it, free from all the dehumanizing influences of poverty, ignorance, and fear. Today only in Western democracies have these fears been alleviated, and thus only in a democratic system does individuals have the potential to reach their full promise.

Left alone people will do what is best for themselves and their families. The role of the state is to encourage, not thwart, this natural instinct. When individuals progress, so does society.

PERSONAL LIBERTY IN MALAYSIA

Freedom is not absolute. In the West where personal freedom is held in the highest esteem, there are still definable limits. Freedom of speech, in the words of an American jurist, does not include the freedom to yell "Fire!" in a crowded theatre, unless of course there is a fire. America has enshrined in its constitution the Bill of Rights with the specific purpose of protecting the civil liberties of its citizens. Among its provisions are the freedoms of speech, religion, and peaceful assembly, together with the rights of due process. These statutes notwithstanding, they did not protect Japanese Americans from being forcefully relocated and incarcerated during World War II, and more recently, the detention of thousands of Arab-Americans following the 9/11 attacks. Today the injustices perpetrated on those Japanese-Americans are widely acknowledged, but significantly, the Supreme Court decision affirming the legality of that mass detention has yet to be overturned.

There will always be limits to freedom; the pertinent question is where those lines are drawn and the role they play in the ordinary lives of the citizens. An analogy will help clarify my point.

Visiting San Diego Zoo I was impressed to see how free the African antelopes were on their little man-made island surrounded by a narrow strip of shallow moat. The animals could easily jump over that barrier and escape. The attendant explained that the moat is a natural barrier (limit) and that the animals felt safe behind it. Indeed they seemed

content, munching close to the very edge without ever attempting to jump over. Had they been enclosed behind a high wire fence, the ground near the fence would be barren with the animals pacing to look for an escape route. The moat serves as a limiting boundary but unlike the fence, it does not interfere with the daily lives of the animals. Indeed the animals behave as if there is no boundary even though their movements were limited.

Limits on human freedom can be viewed likewise. In America there are definite limits but they are more like the moat; the citizens are hardly aware of them. They are not intrusive. Executive powers to establish military tribunals for example, are definite boundaries and gross infringements on the citizens' freedom. Similarly Canada has its War Powers Act that gives its prime minister as sweeping a power as Malaysia's ISA. Indeed the War Powers Act was used in 1970 by no less than the libertarian Prime Minister Pierre Trudeau. Because these statutes are rarely invoked except in national emergencies, citizens do not feel constrained by them.

There are other less intrusive but no less potent restraints. I may own private property in California but I cannot even pave my driveway without first getting a permit from the county. A colleague had long dreamed of building his retirement home in the countryside. Unfortunately the county discovered a rare specie of salamander inhabiting his land, thus he could not build where he wanted to! A neighbor had a ranch raising pony horses, but an accident involving another neighbor's child resulted in a messy lawsuit that ultimately ended with his getting rid of his beloved animals. I may be a trained and licensed surgeon, but I cannot practice my profession unless I carry adequate medical malpractice insurance. If I cannot afford or find one, then I cannot practice. Thus my freedom to practice my profession is infringed by and dependent on some insurance underwriters.

A more dramatic example would be the constraints American liability laws have on businesses. Many huge and otherwise successful firms have been forced into bankruptcy because of massive liability claims on

their products. Manville Corporation was done in by the avalanche of asbestos lawsuits, and Dow Corning over its silicon implants. There is in America at present a massive redistribution of wealth through the tort system, with the bulk of that bounty ending up in the pockets of plaintiffs' lawyers. A major concern of the present Bush administration is to rein in these legal robberies. The battle is severely handicapped because these super rich lawyers are also the wealthiest and most powerful political contributors and lobbyists.

These tort restrictions are real and they affect the daily lives of all citizens but somehow they do not appear as ominous or threatening as the rigid rules of a totalitarian state. They are like the moat in the zoo.

Unlike America, Malaysia does not have a moat, instead ugly and menacing metaphorical barbwire fences. They announce their limits crudely and in no uncertain terms. Challenge them at your own risk! As such they are much more intimidating and affect individual behaviors much more profoundly. Malaysia has many such highly intrusive rules, ranging from the Printing Press Act to the Universities Act. But the mother of all restrictive laws is its infamous Internal Security Act (ISA).

The ISA, with its provision for preventive detention without trial, is meant to protect the stability and security of Malaysia from subversive elements. It is a legacy of colonial rule, and in its original incarnation was meant to fight the communist insurgency in the 1950s. Since then it has been "strengthened" (made more intrusive) despite the fact that the country no longer faces any communist or subversive threat. Originally the orders of the minister were subject to court review; now that protection is gone. Detainees can appeal to the King, but the same minister also advises the monarch. Some checks and balances! In effect the minister's power to incarcerate a citizen is absolute.

Malaysians tolerate the ISA partly because they have seen how quickly society's stability can be easily disrupted, with disastrous consequences. One merely has to look at Indonesia and Sri Lanka to be

reminded of this grim reality. Better that we jail a few, ISA apologists argue, if that prevents Malaysia from degenerating into another Bosnia.

The genius of the American system is its diffusion of powers and the delicate checks and balances. Despite that, egregious abuses do occur. The Watergate scandal of the 1970's involving senior Nixon administration officials was perhaps the most pervasive and disturbing. More recently, the coziness of the FBI and the White House resulted in confidential files of many Americans being surreptitiously viewed by President Clinton's political operatives.

As long as humans wield power, there will be abuses: hence the importance of checks and balances. The process must also be transparent, with adequate and effective review mechanisms. The more awesome the power, the more we must have meaningful oversight. That the decision of a mere minister is not subject to judicial review is the most menacing aspect of the ISA.

To me the ISA is an abomination. If indeed the Act is for the protection of society, as its supporters suggest, then it has failed miserably. ISA did not prevent the May 1969 tragedy, the 1984 Memali massacre, or more recently, the equally deadly Kampong Medan melee.

Surprisingly, the government chose not to use this powerful statute to arrest members of the Al Maunah group involved in the deadly arms heist in 2000 of the army camp in Grik, Perak. Instead the state charged them with waging war against the King. Surely such a crime is the ultimate threat to peace. If there is one situation where the ISA would have been appropriate, this is it. But the government opted for an open trial where its evidence was subjected to cross-examination and public display. There was no indication that the nation's security and safety were compromised by the subsequent open trial.

If the Al Maunah members could be apprehended and successfully prosecuted using statutes other than the ISA, I see no compelling reason why those presently detained under the Act could not be treated in a similar manner. If, as has been intimated, the ISA detainees were bent on overthrowing the legally elected government of Malaysia through

violent street demonstrations, charge them with inciting a riot. Get the evidences out in the open so the public could scrutinize them. Reveal the evil intent of these perpetrators. ISA was not meant to be a substitute for incompetent prosecutors or inept police investigations.

Truth is, the ISA is presently being used not to protect the public but as a crude weapon to coerce the government's increasingly effective critics. Distressingly, the law is also being used to silence political adversaries as well as scholars who dare to voice their dissent.

Taking away a citizen's freedom without due process is a serious matter. It is disgraceful to read that in the rounds of arrests in 2001, the honorable home minister (and also deputy prime minister) Abdullah Badawi had delegated such enormous powers to his lowly bureaucrats. I would have thought that as minister in charge, he would have given such decisions the solemnity they rightly deserve. To hear him say that he was in effect "out of the loop" is simply unacceptable. Surely he must have had some evidence of the dangers posed by these individuals for him to order their detention. Thus once they were detained, he should be intensely interested in the details of their supposedly treacherous plot. Were there dangerous weapons stashed away, and was this part of a larger conspiracy, possibly with foreign involvement? Had the interrogations revealed a more serious threat, the minister would want that information quickly so appropriate preemptive measures could be taken. By waiting passively for a report from his subordinates, the minister wasted precious time. Besides, to treat such decisions casually goes beyond simple incompetence. It is a flagrant dereliction of ministerial duty, bordering on criminality.

Abdullah Badawi's remark reflects, at best, a flippancy that is grossly inappropriate, at worse, a callous and sinister mindset. These are our fellow citizens whose freedoms are being violated. He acts as if such important decisions are not worthy of his personal attention and deliberation.

I would be comforted had Abdullah said that he was indeed following the situation closely and that jailing someone without trial was a

decision he took with a heavy heart, but due to the sensitive nature of the investigations, he was unable to divulge the details. I would still oppose his decision but at least I would know that he had discharged his duty diligently and that he had not used that immense power arbitrarily and capriciously. Or worse, delegated that awesome authority to his underlings. As can be seen with the episode of the beating of Anwar Ibrahim while in police custody, it takes only one overzealous officer to humiliate the entire nation.

I expect government ministers to be chief executives and be on top of matters under their authority. Abdullah Badawi, if he was truly unaware of the circumstances of the arrests, behaved more like a symbolic sultan rather than as an engaged executive. If this pattern of behavior portends his future performance as prime minister, Malaysians ought to be worried.

Like the frightened and weakened nobility at the time of the French Revolution, today's Malaysian political nobles are using the ISA as a *carte blanche* to browbeat the masses. Malaysians today are in the worst possible position: Having a bad law (ISA) administered by an inept minister.

The government had another round of arrests under the ISA of suspected extremist Muslims following the 9-11 attacks. Unlike previous roundups, this time the government was spared any criticism from the West. Indeed Law Minister Rais Yatim, on a visit to Washington, DC, in May 2002, crowed that the US Attorney General was highly supportive of Malaysia's ISA! It took the American embassy in Kuala Lumpur days before it denied such an endorsement. And it was done by a very junior embassy official. Such a low-key response! Malaysian officials who were previously so dismissive of American official and public opinions are now suddenly eagerly lapping up any praise from America! I do not know who are being more hypocritical—the Americans or the Malaysians? Obviously to the Americans, flagrant abuses of basic human rights and due process are fine as long as the targets are presumed enemies of the West.

Criticisms of the ISA aside, there are legitimate security issues facing the country that must be addressed. Can this be done adequately without the ISA? Absolutely! The successful prosecution of the Al-Maunah group *sans* the ISA is one ready example. Granted the police and prosecution had to work hard to prove their case, and well they should. Another argument favored by the Act's apologists is that such laws are needed in a multiracial society to prevent those who would incite racial hatred. This is a valid concern, but it can be addressed using far less draconian measures. America has its "hate crime" laws where if a crime is motivated by racial hatred, it carries a substantially more severe penalty. Further, the victims of such crimes could sue their aggressors for civil damages and or violations of their civil rights, the latter carrying a much stiffer remedy. Similarly there could be "no bail" provision for such crimes. There are several viable options short of the drastic ISA.

Another defense of the ISA (and also the prohibition against public protests and rallies) is that Malaysians are fed up with unruly demonstrations and the resulting disruptions to traffic and businesses. Again here there could be provisions whereby those who plan such protests must carry adequate insurance in case of accidents or property damages. Such "event insurances" are common and mandatory in America. Having such insurance as a prerequisite would ensure that the organizers take extraordinary precautions to prevent their demonstrations from getting out of control. If they lose control of their followers they would have to foot a significantly higher premium the next time.

A more problematic contention is this. The ISA has been a major issue in almost all general elections, with the opposition parties advocating its repeal and the ruling party (Barisan Nasional—BN) defending it. Yet BN keeps winning. But it would be a mistake to read much into this beyond saying that the issue does not resonate with the electorate. In truth Malaysians do not support the ISA; they merely tolerate it. Electorates do not consider the ISA reason enough to boot the ruling party out.

One of the tragic consequences of the ISA is that its victims are not allowed to contact their families or attorneys. Their families are kept in the dark of where their loved ones are being detained and for how long. Nor are their charges and evidences specified. As has been amply demonstrated by Abdullah Badawi, the current minister in charge, such awesome powers are routinely delegated to minor officials.

Apart from its impact on the victims, the Act carries a far greater and deeper chilling effect on all Malaysians. Much like the barbed wire fence would be a constant ugly reminder keeping the animals away from the edges for fear from being entangled, Malaysians are forced to behave extra cautiously. Citizens internalize self-censorship and keep to the narrow and safe. Any new initiative is stifled for fear of offending the authorities. New ideas are evaluated not on whether they will work, but how the authorities would perceive them. How many times have one heard officials say, "It's not government policy!" And with that robotic response, everything is settled. Case closed! Everyone is scared of running afoul of those in power.

An editor of a Malaysian professional publication invited me to be its regular contributor. I readily agreed and aware of the local psyche, purposely submitted a rather bland first piece. He readily published it but chided me for being too cautious as Malaysia "has changed" since I left the country. Encouraged, my next piece was more critical and sure enough, his earlier encouragement notwithstanding, he sheepishly told me that his board had vetoed my submission! Thus ended my brief career as a columnist for that outfit. I later submitted the same piece to the mainstream paper (owned by the ruling party) and much to my surprise, it was published unchanged. I later sent the editor of the first publication the published copy; he felt rather small. The truth was, the mainstream paper had a new editor and I decided to test his professionalism and independence.

In another episode I submitted sample chapters of my first book (choosing carefully the least critical ones) to an establishment Malaysian publisher. He was enthralled and added that he had published a

number of books by members of the ruling elite and that he looked forward to publishing mine as it would be a pleasant departure from his usual staple. But when I submitted my entire manuscript which contains chapters much more critical, he demurred. Receiving publishers' rejection letters is not a novel phenomenon with me, but what startled me was his apology. He complimented me ad nauseam, for being "brave" and "forthright," but he was afraid of the backlash as he did considerable amount of business with the government. I also approached other Malaysian publishers and printers, but the refrain was always the same. They had too much business with the government and its myriad companies to risk publishing my book. It would have been better if they had simply told me that my book was not up to their standard. Or perhaps that was their soft Asian way to "save face" and spare me any embarrassment! My book was finally published in America and again, thanks to the Internet and globalization, my publisher had no difficulty marketing it not only in Malaysia but also worldwide. Had I used a Malaysian publisher, my book would not have had global exposure.

I relate these incidents to illustrate the chilling effects of these intrusive rules and restrictive regulations. People exercise self-censorship and excessive caution for fear of official reprisal. Instead of expanding the envelope they stick to the tried-and-true. But progress depends on citizens daring to explore the edges and beyond.

These restrictive laws also foster the kind of behavior that is crudely referred to as "sucking up to the leader." This is an absolute anathema to progress. Subordinates and citizens would then choose a decision or path of action that they think would please those in power. The results can be disastrous as exemplified by the following recent examples.

It is an open secret that Malays are preferentially admitted to local universities while non-Malays with comparable or even far superior grades are routinely rejected. None deny this racist practice and indeed many in the senior levels of the establishment go to great length and contorted logic to justify what is clearly an unacceptable practice. But

because there was no public outcry and more significantly, lack of open denunciation by the leaders, the practice persisted and indeed spread. In late 2001 it was revealed that such obnoxious practices are also being done at the primary school level. That is, students are academically streamed based on their race even at such a tender age. When it was first revealed, the education minister denied, but later in the face of more evidence, he admitted it occurred but was an isolated incident and thus not worthy of his attention. But when the teachers' union exposed that it was indeed a rampant practice, the minister went through great hoops to justify it! Taking their cue from the minister, bureaucrats began repeating the same mantra—"in the national interest"—to justify their actions. Only when the prime minister and his deputy condemned the practice did everyone realize how institutionalized racism is in the education ministry specifically, and the government generally. This sordid affair occurred because those underlings thought they were doing what their leaders wanted them to do. "Sucking up to the powerful" wrapped as the "national policy."

To be fair, the minister did finally convene a committee of outside educators to examine the allegations. Chaired by a retired academic, the committee refuted the charges, claiming that there was no *intent* to discriminate. A further controversy ensued following the release of the report, as the committee made public only an executive summary, not its methodology and full findings.

That primary school debacle came in the heels of another major scandal, this one at the other polar end of the education spectrum involving the Certificate for Law Practice (CLP) examination. The CLP is required of all law graduates of private colleges; those from public law schools are exempted. To appreciate the unfolding drama, one has to understand the political background. Public law faculties in Malaysia, "in the national interest" are the near exclusive preserve of Bumiputras, while the private ones cater to non-Bumiputras. One does not have to be particularly astute to sense the poisonous race potential of the CLP mess. It started out rather routinely: the tests' questions

were leaked. The results of the investigations were also routinely Malaysian: some minor clerks were arrested. But from there things unraveled very quickly. It turned out that such leaks had been going on for years! But the greatest bombshell was that the released scores were not the same as what the candidates had earned from their examiners. The scores had been tampered, and that this too had been standard practice for years. This brought forth an outpouring of outrage from many, including Law Minister Rais Yatim. The upshot was that the director was suspended. No further details were forthcoming; the man chose to keep quiet.

In the flurry of letters to *Malaysiakini* (the mainstream media saw fit not to cover the issue extensively), it was revealed that the director was a former associate dean of MARA law school (a public and exclusively Malay institution) and he was chosen at a time when those MARA law students had to sit for the CLP. And they were not doing too well; thus the insidious practice probably began then. Today those MARA students do not need to sit for the CLP, but old habits die hard. When the truth finally emerges I am sure that the misguided soul thought that what he was doing, tampering with the CLP, was also "in the national interest." To imagine that hundreds of Malay would-be lawyers at MARA were under his tutelage boggles the imagination!

Malaysia's many restrictive laws have another more corrosive effect on society. They discourage healthy public debates on important issues. Indeed certain topics are deemed "sensitive" and beyond the pale of discussion. The leaders have decided, in their wisdom, no further new inquiry or insights are needed on such important issues. They are deemed settled. No more discussion! This mindset reminds me of the mentality of Muslim scholars and leaders of the 10th century when they decided that everything were deemed settled in Islam and that no new inquiry was needed. Today, Malaysians too have their own secular or political "closure of the gate of *Ijtihad* (rational discourse)." The effect on the nation of this stricture will be equally destructive.

The issues deemed sensitive include among others, the Malay language, special privileges, and the status of the sultans. With time the list will surely expand. Anyone breaching such prohibitions is subject to the dreaded ISA or the equally feared Sedition Act. Many scholars, politicians, and writers have met this fate. Even more startling, such gross violations of the basic rights of the citizens evoke minimal or no outrage from the general public.

Malaysian leaders view public discourses as dangerous. The ghost of the 1969 savage race riot still haunts them. They still view Malaysians a generation later as being dumb and easily swayed by emotional and chauvinistic exhortations of opportunistic politicians. Unfortunately today many Malaysians, especially Malays, still demonstrate this juvenile tendency. The 1998 ugly demonstrations over the firing of former Deputy Prime Minister Anwar Ibrahim merely confirmed the worse suspicion of leaders like Mahathir that Malaysians cannot act rationally or discuss their differences in a civil manner.

This leads to a "Catch 22" situation. Unless Malaysians are trained or encouraged to have healthy public discussions, they will never learn to tolerate dissenting opinions and have civil disagreements. Learning to disagree agreeably is an art, and Malaysians must be trained and prepared for this difficult skill.

Foreign visitors to America are always impressed with and surprised at how civil American political leaders are toward each other. In the Senate, a flaming left wing liberal like Edward Kennedy could cosponsor legislative bills with an archconservative right wing Orrin Hatch. The two may view the world very differently; nonetheless they can still work together for the good of the nation. Indeed the two actually admire and hold each other in high personal regard. While they may profoundly disagree with each other politically, their private and public exchanges have always been civil and decorous. No resorting to name-calling. The Republican and very conservative President Reagan used to invite Tip O'Neill, the very liberal Democrat Speaker of the House of Representatives, to the White House especially after some particu-

larly contentious congressional debates for an evening of drinks and cigar smoking. Such amiable personal gestures go a long way. More significantly, such very public displays of civility are not lost on the general populace. This of course has not always been the case in America. There was time when there had been actual open brawls and gun duels in Congress.

Malaysia during Tunku's time was remarkable for the personal amiability and personal rapport among its various leaders. The Tunku made it a habit after the opening of parliament for example, of having a social get together at his residence for all members of parliament so they could get to know each other socially and outside the usual context of party politics. The aristocratic and worldly Tunku had very warm personal relationships with the socialist Tan Chee Koon as well as the leaders of PAS. It is to be noted that while Tunku was in his personal behaviors less than a pious Muslim (he admitted as much in his personal writings), nonetheless none of PAS leaders ever called him a *kafir*. Today PAS leaders callously labeled Mahathir as "Mahafiraun" (evil Pharaoh) and other epithets. PAS followers of course take their cue from their leaders. Mahathir too is equal to the task in return, calling PAS leaders and followers simpletons and backward.

As the result of this coarsening of public discourse, Malaysians have difficulty tolerating differences of opinions among themselves. This is particularly true among Malays. Malays cannot seem to disagree with each other either in political or religious views without imputing ugly motives. This state of affairs will continue as long as Malaysians are denied the opportunities to express their disagreements in the appropriate channels without fear. This trend, uncorrected, will only lead to further polarization and division.

Perversely, the nation's leaders implicitly encourage this. They would prefer that the citizens be docile and passive followers and leave the decision making to the leaders. The assumption is that they and only they have the exclusive wisdom as to what is good for the country. This is definitely not a recipe for progress.

It is a tribute to the bravery and ingenuity of Malaysians that despite such intrusive and highly restrictive rules, they still manage to express themselves and circumvent those barriers. The government and the ruling party may control the mainstream media, so committed citizens created their own news outlets. When the government denied *Harakah*, the daily publication of PAS, from expanding because it was attracting an increasing number of readers, its publishers turned to the Internet. Similarly, Steven Gans together with other committed and independent-minded journalists, fed up with the self-censorship of their editors at the traditional papers, started the Internet daily, *Malaysiakini.com* to provide an alternative to the government-controlled media. It is a reflection of the hunger Malaysians have for reliable and trustworthy news that within a year, *Malaysiakini* was getting more daily hits than the established papers. *Malaysiakini's* success is also an indicator of the citizens' distrust of the mainstream media. Indeed newspapers controlled by the ruling parties saw their circulation substantially reduced. In addition to providing an independent source of news, *Malaysiakini* is also performing a vital public service by providing an avenue for such refreshing new writers as Amir Muhammad and Hishamuddin Rais. Amir was a regular contributor to the establishment newspapers, until his editors mangled his essays beyond recognition.

Another brave soul deserving much praise is the political writer Syed Hussein Alattas, or Pak Habib, as his myriad readers and fans know him. When established publishers would not touch his books, he started his own publishing company! He has, in his words, "written more books than the average Malaysian professor has ever read!" His power and influence is such that former Deputy Prime Minister Musa Hitam blamed (credited?) him for his (Musa's) fall from power. When Pak Habib writes, observes *Asiaweek's* Roger Mitton, Malaysian politicians tremble.

I cannot help imagining how many more writers and talent out there are being suppressed by Malaysia's many oppressive rules. The

flowering of arts and literature in the West is precisely because of the freedom their citizens enjoy. Malaysia will never see a similar renaissance if its citizens are kept on a very tight leash.

THE JUDICIARY: JUSTICE IN JEOPARDY

Not only must there be respect for the rule of law, but the laws themselves must be just. Those administering the law too must be just and be seen to be just.

The Malaysian judiciary began on a very high note with judges held in the highest esteem. Tun Suffian set the tone not only with his exemplary personal example but also the depth of his legal judgment and scholarly analysis. The low point of the Malaysian judiciary (at least it was thought so at the time) occurred when the King, acting on the advice of the prime minister, suspended the chief justice and a few of his associates. Sadly from there the judiciary seemed to breach new lows every so often. A retiring senior appellate judge recently publicly confessed his shame for having been a member of that august body. He bluntly blurted about Malaysian litigants being confident of winning even "hopeless cases" as long as they were filed in "certain courts." A more damaging indictment would be hard to find.

This sorry state of affairs received widespread international attention with the released of a scathing report jointly issued by, among others, the International Bar Association and the International Commission of Jurists. *Justice in Jeopardy: Malaysia 2000*, asserts, "...well-founded grounds for concern as to the proper administration of justice...in cases which are of particular interest, for whatever reason, to the government." The commission in particular was concerned of the manner judges were selected for high profile cases, especially those with political undertones.

Many of the issues raised by those distinguished jurists are familiar not only to lawyers but also ordinary citizens. For example, the commission is critical of the merging of the legal and judicial services that

resulted in the rotating door policy between judges and prosecutors. As these officers are answerable to the same superior, it does not encourage the development of distinct and independent services.

The commission resurrects many of the same issues I raised in my earlier book, among them, the insularity and limited experience of Malaysian jurists. As the commission also noted, nearly three quarters of them are promoted from within; there is little or no infusion of fresh talent from the outside. Few of the judges have experience outside of government. Part of the reason is that the pay is not competitive to attract talented private practitioners. Further, new recruits of esteemed lawyers are treated as if they are junior appointees. They are placed on probation for a year or two, and often start as lowly magistrates. That is certainly no way to attract legal luminaries from the outside. In contrast, American judges count among their peer brilliant legal scholars, successful private practitioners, and accomplished statesmen. Malaysia should do likewise and have an infusion of top talent directly into the upper levels of the judiciary.

The way Malaysia selects its senior judges stands in stark contrast with that of Singapore. As related in his memoir, when Prime Minister Lee Kuan Yew was looking for his new chief justice, he instituted a thorough and exhausting winnowing process. He polled successful private practitioners, respected academics, and senior judges for their recommendations. After short-listing the candidates he interviewed each one of them. It is no surprise then that Singapore's present Chief Justice, Yong Pung How, commands such great respect not only at home but also abroad. No lawyer would dare make flippant or flamboyant remarks about his performance or person. His resume is formidable: the product of the world's best law schools (Cambridge and Harvard), extensive business experience (chief executive of a major bank), and successful private practice. No Malaysian judge comes even close to this man in terms of the breadth of experience or sterling academic qualifications. Malaysia does not lack for talent, but the system does

not allow them to emerge. Malaysian leaders do not consider senior judicial or other public appointments merit such careful scrutiny.

A telling indicator of the caliber of Malaysia's top public officials is demonstrated by the silly squabble between Law Minister Rais Yatim and the then Chief Justice Eusoff Chin that took part in mid 2000. The controversy erupted over the judge's choice of an overseas holiday companion, a certain lawyer who had appeared before him on a high profile case. When the news first broke out, the judge vehemently denied any impropriety, claiming that he had merely "accidentally" bumped into the lawyer on his trip. But when investigative reporting by *Malaysiakini* revealed that they had shared the same flight and were together for an extended period during their vacation, the minister felt compelled to publicly chastise the judge.

That a junior minister (and a rookie one at that) could openly humiliate the Chief Justice (a man considerably higher in the government scheme of things) leads me to a disturbing thought: Would a more powerful minister hesitate in letting a less senior judge know of his (minister's) displeasure?

Rais Yatim, in his previous incarnation as deputy leader of the opposition Semangat Party (it later merged into UMNO, which was how he ended up in the cabinet) was highly critical of the unchecked powers of the executive. Such overzealous dominance, he noted in his doctoral dissertation, threatens the independence and integrity of the judiciary. Wise observation. Alas, that was then. Once in the cabinet he sings a decidedly different tune, one more pleasing to his master's ears. I would have more respect for Rais had he, before accepting his cabinet position, tried to convince Mahathir of his views. A belief so readily discarded is no conviction at all.

While these pathetic senior public figures spat in public, the more damning criticism leveled in *Justice in Jeopardy* was conveniently ignored. Indeed both the law minister and chief justice confessed in not having read it as they had not as yet received an official copy, even though the entire document was readily available on the Web. I pub-

licly suggested that the minister should pay attention to the report instead of the judge's poor choice of holiday companion. That would not have generated as much publicity for Rais, but it would do him and the nation immense good.

In the end what made the government act was the concerns of foreign investors. They were getting increasingly uneasy with the way justice was dispensed, especially in regards to "mega awards" and lawyers "shopping around" for sympathetic judges. Such practices clearly undermine the integrity of the entire system. The Political and Economic Risk Consultancy (PERC) ranked the Malaysian judiciary behind that of South Korea and the Philippines. Increasingly, investors (foreign and local) factor in their faith in the country's justice system as a major consideration in deciding where to invest their money.

In February 2002, the giant California Public Employees Retirement System (CalPERS) stunned many by declaring its withdrawal from many emerging markets including Malaysia. Although Malaysian officials tried to dismiss or minimize the significance of the decision, there was no question that it was a tremendous blow to Malaysia. CalPERS's had suffered tremendous loss in those markets. For the past five years, its average annual returns for Malaysia was a horrifying—18.3%. CalPERS concluded that it is not enough to analyze the performances of companies and markets; it must also look at the supporting political and governmental structures. In essence, it concluded that you could not have a "good" company in a "bad" country. Malaysia scored poorly in such areas as political stability, financial transparency, free press, and most importantly in the context of the present discussion, an independent judiciary.

Apart from being the biggest fund manager, CalPERS is also widely regarded as a trendsetter. Malaysia ignores CalPERS observations at its own peril.

In response to *Justice in Jeopardy*, the government set up a Human Rights Commission (Suhakam), chaired by a former deputy prime minister, Musa Hitam. Thus far Suhakam has reviewed cases of alleged

police brutality as well as actively championing citizens' rights. To me its pronouncements are bland and mild (for example, Malaysians have a right to peaceful assembly). Nonetheless it is a sad reflection of how low human rights and civil liberties have been degraded in Malaysia that such obvious statements were widely lauded and welcomed.

The year 2001 saw the appointment of a new chief justice, Dzaiddin Abdullah. His first order of business was to immediately admit the rotten state of the judiciary, a rare public admission by a senior official, and he then went about to clean up the mess. Thus far his moves have been widely applauded by both the public and members of the Bar. Even Rais Yatim saw fit to claim credit for the judge's appointment. Dzainuddin's elevation was like a refreshing breeze that many would hope will remove the stench from the judiciary.

Through globalization Malaysians are now very much aware of events occurring elsewhere. Just as Malaysians demand a world standard of education and medical care, so too they now want the same liberties enjoyed by other civilized citizens. Malaysians are not comforted by the fact that they have more freedom than the Indonesians or Iraqis. Having seen the best they rightly demand the same. The Malaysian system of justice must therefore accept the prevailing international norms. There is no longer a "local" standard. Police brutality and other infringements on basic human liberties are as unacceptable in Malaysia as it is in America.

The negative consequences of the 9/11 tragedies are, among others, intrusive legislations introduced in America to meet this new national challenge. The Patriot Act of 2001 for example, provides for detention of non-citizens without trial. Such moves by the Americans emboldened Mahathir to wield the ISA and other restrictive laws even more brazenly, all the while smugly asserting that the Americans are finally wising up to Malaysian ways. Nothing could be further from the truth. In their conceit Malaysian leaders are ignoring some essential differences. For one, the new restrictive law had a very rough grilling in Congress. It was also widely debated by the populace. Further, such

rules apply only to non-citizens and have sunset provisions, meaning they will be intensively reviewed and will expire in three years unless specifically renewed. These are significant differences that Malaysian leaders do not apparently appreciate or choose to ignore.

If the system of justice in Malaysia were to meet the prevailing world's norms, it would surely earn the respect of the citizens and the international community. It would also be good for business. Surely *that* is a worthy goal.

Malaysia spares no effort in trying to attract foreign investors and businesses. Fixing the badly tarnished justice system would go along way to assure these foreigners. In the next chapter I will go into greater detail on how Malaysia could make herself more attractive to investors, local and foreign, by enthusiastically embracing free enterprise.

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your labor. In free enterprise there is private ownership of properties, while in socialism and communism, everything belongs to the state. In Islam of course everything belongs to Allah, man is only His trustee ("vice regent") on earth. Only God can revoke this trust (presumably upon one's death). Nowhere in the Qur'an is it stated that Allah has substituted the state for humans for the trusteeship of the earth. In this regard, capitalism rather than socialism or communism is closer to Islam. Besides, the atheism of communism is the very antithesis of Islam.

With capitalism you are rewarded for your efforts and ingenuity; with socialism, the all-powerful state decides how much you deserve or should get. To use a biblical phraseology, with free enterprise you reap what you sow; with communism, to each his due or according to his needs. To revert to my familiar bovine analogy, imagine you have two cows. With socialism, in the spirit of equality, you are required to give one to your neighbor; in communism, you must give both to the state and it *may* in turn give you some milk in return; with capitalism, you sell one cow and buy a bull. (If you are a real entrepreneur you simply let your cows loose amongst your neighbor's bull!) Real world experience proves that over time the capitalistic system produces the greatest number of cows.

The failures of communism and socialism are now self-evident. The old defunct Soviet empire is only the most dramatic example. But remnants of that ideology are still alive and kicking to inflict their damage on the economies of many countries, Malaysia included. Present-day stagnant India with its ubiquitous "Permit Raj" is an ever-ready sorry reminder of the dangers of central planning and big government.

Malaysia, despite its commitment to free enterprise and open markets, is still very much enamored with elaborate central planning and fancy Five Year Plans. My own minor involvement in the late 1970's with Malaysia's never ending Five Year Plans is instructive. I see little evidence of improvement since then. It was towards the end of the Fourth (or was it the Fifth?) Malaysia Plan. I was instructed to develop

plans for the next five years, and countless meetings were held. Only months before we were busy with the midterm review of the current plan. There were still many projects that were either behind schedule or had not been implemented. Prior to that we were engaged in yet another series of equally intensive reviews of uncompleted projects of the *previous* plans. We were indeed heavy into planning. In fact I could keep myself busy just attending these multitude of meetings! Many civil servants spend their entire time doing just that. Alas, planning is one thing, executing is another, as I would soon discover.

I had this simple idea that instead of concocting grandiose new schemes that would never see the light of day, I would review all previous plans, starting with the very first one twenty years earlier. To my surprise those plans were all well thought out, practical, and sensible. My predecessors had obviously taken their responsibilities seriously and put much thought into their submissions. The only problem was, few of those sound ideas had been implemented. And the fewer still that had been completed were useless or inoperative because conditions had changed dramatically. For example, by the time the new operating suites were completed they were already severely stressed from heavy usage because of the long delay between planning and completion.

So instead of dreaming of glamorous new projects, I merely updated the old ones. As for the required all-important "mission statement," I stated simply that my objective was to complete all the projects of previous plans. Direct and truthful! After factoring for expanded capacity and inflation, I arrived at the new estimates with no difficulty. My immediate superior was suitably impressed when I submitted my proposal way ahead of schedule.

The only problem was, when the minister reviewed my submission, he was not amused. First, I did not have any grandiose proposals, and second, so many previous projects had not been implemented. While he understood my point, nonetheless he insisted that I come up with a new and better plan. He was not interested to know why those previ-

ous projects were not completed. They were his predecessor's responsibility, not his!

Fortunately for me, I too had my own personal five-year plan, for soon afterwards I resigned from government service. And mine was fully implemented and on time.

Today (2002) Malaysia is embarking on its Eighth Five Year Plan. I can imagine all those bureaucrats spending countless hours in meetings with their Powerpoint presentations (if they are computer savvy, that is) on their various projects, complete with detailed dates of implementations, costs, and other minutiae. When one sits at one of these meetings one is suitably impressed. That is, until you actually see those projects on the ground. Then one realizes that all those wonderful plans are just that—simply plans.

My experience with top-down bureaucracy of central planning was equally dismal. I was in charge of the postgraduate educational program at the Johor Baru hospital and had ordered much-needed books and journals for the library. Easy enough, except when it came time to get the funds I was told to submit the request to the Ministry of Health headquarters. I did but was told that books could only be ordered once a year and that somebody from headquarters would be visiting me soon to discuss the purchase order. That bureaucrat did finally show up and the first thing he asked was whether I had competitive bids! I had difficulty convincing him that buying medical books and journals was not like buying hospital uniforms where one can comparison-shop and accept the lowest bidder. I suggested that the ministry authorize a sum of money annually for books and journals, and let the hospital do its own purchasing. He was not persuaded but instead tried to impress me with his vast knowledge of the civil service code and the relevant circulars.

A year later the books and journals had yet to appear. It would not surprise me that they had not even been ordered, awaiting no doubt approval from Treasury or perhaps the minister himself. All for a mea-

sly few thousand ringgit! Meanwhile those young doctors were without books and journals.

When I pointed this out to a more senior ministry official, his reply was that central planning was a way to cut out corruption. Had they given me the cash, I might have spent it on frivolities or worse, absconded with it. It is pathetic that they would trust me with the lives of the citizens but not a few lousy ringgit. I shudder to think of the bureaucratic maze my purchase order went through.

Extrapolate my experience and one need not wonder why Malaysia is a mess. In response to the economic slowdown, the government in 2001 allocated a multi-billion ringgit fiscal stimulus package. A year later the funds were still stuck at Treasury. Whatever economic impact the planners had imagined in drawing up those wonderful plans, all came to naught. The Prime Minister blamed the Public Works minister; he in turn blamed Treasury; and Treasury of course blamed the contractors. Reminds me of the "blame the dumb cows" story!

I have now come to the conclusion that all these elaborate central planning are nothing more than massive public works projects to keep the glut of civil servants occupied. That those plans occasionally benefited the citizens is merely coincidental!

If that were the only consequence of central planning, it would be relatively benign. The more sinister aspect of central planning is that it would lead to the gradual erosion of the rights and liberty of citizens. These planners may be well intentioned initially, but all too often when they promise a rosy world, the reality is the reverse. People's lives would be planned to satisfy the needs and desires of the planners. Left unchecked, these planners become control freaks. This was the prescient observation of the Austrian economist von Hayek in his classic book, *The Road to Serfdom*. It is significant that the book was first published at the end of World War II when the world was enamored with central planning and Maynard Keynes, a brilliant and eloquent proponent of government intervention, was the towering intellect in economics.

FREE ENTERPRISE AS AN ISLAMIC TRADITION

There are those who believe that capitalism implies greed, the very antithesis of our core religious value. Nothing can be further from the truth. This misguided notion led many nations to adopt socialism, with its promised egalitarianism.

The Quran explicitly encourages free market. It commands the faithful to venture into the marketplace and earn a livelihood: "When the prayer is finished, then disperse ye through the land and seek the bounty of Allah." (Surah Al-Jumu'a, 62:10). Earning a lawful livelihood is a duty second only in importance to that of prayer, preached our prophet (pbuh).

In Islam it is better to give than to receive a wage; that is, better an employer than employee. A businessperson enjoys an exalted position in Islam. Contemplate this *hadith*: "In the Day of Judgment, the honest, truthful Muslim merchant will rank with the martyrs of the faith; the trustworthy merchant will sit in the shadow of the throne of God on Judgment Day."

Ibn Khaldun wrote in his *Muqadimmah*, "Commerce means the attempt to make a profit by increasing capital, through buying goods at a lower price and selling them at a higher price... This may be realized by storing goods and holding them until the market has fluctuated from low to high price... or by transporting goods to another country where they are more in demand."

Yet today profits are regarded as sinful. In Iran they execute citizens for "profiteering," as if those in authority know exactly the "right" amount of profit. This from bureaucrats who have never done any trading!

In a free market, trading is voluntary. If the buyer feels that he is being gouged, he can simply deny the seller that profit by not entering into the transaction. Those who feel that there is a "right" price and "appropriate" amount of profit are clearly mistaken if not arrogant.

The market value of anything is what we mortals (seller and buyer) have agreed upon. Only Allah knows the real value of everything.

Let me illustrate this. I buy carpets in Afghanistan for \$10,000.00 and then sell them in America for \$20,000. Assume, to use a favorite term of the economist, that my trip costs \$4,000. My profit would then be a straightforward \$6,000. Straightforward? Not quite.

First, who is to say that that amount of profit is excessive, modest, or adequate? What is the price tag of the risk I took in going to Afghanistan? The Taliban could have killed me for being a capitalist. Then there is the value of my time away from my family. And if Americans, in their dislike for the Taliban refuse to buy my carpets, who will compensate for my loss? Thus the real costs cannot begin to be fully quantified when we consider all the factors.

Second, ponder the benefits of my work. An American family gets to enjoy plush Afghan carpets. More significantly, the Afghan weaver now has a lucrative market for his product. I am in fact providing a living for him. No wonder Islam looks kindly on traders.

A frequent criticism of capitalism is the resultant inequality of wealth and income. In contrast, with communism and socialism, every one is equal. This canard is just that. The communists may be all equal but some are definitely more equal. Besides, as the late development economist Lord Bauer once wrote, "It is by no means obvious why it should be unjust that those who produce more should enjoy higher income." Bauer, like Hayek, was an early advocate of free trade and a severe critic of central planning. Of special interest is that Lord Bauer spent his formative years as an economist studying the Malaysian rubber industry.

Islam recognizes that in a free economy there will inevitably be differences in the wealth of people. The Qur'an admonishes against envy, and to respect wealth. In Surah An-Nisa'a (The Women, 4:32), "In no way covet those things in which God has bestowed His gifts more freely on some of you than on others; to men is allotted what they earn,

and to women too. Ask Allah for His bounty, for God has full knowledge of all things." Islam demands justice, not equality.

Central to free enterprise are two related concepts, namely, property rights and contract rights. These too are spelled out in the Qur'an and *hadith*. In Surah Al-Baqarah (The Heifer, 2:188), "Do not devour one another's property by unjust means, nor bribe judges in order that you may wrongfully and knowingly usurp the possessions of others." Another, "Enter not houses other than your own; until you have asked permission and greeted those in them...If you find no one in the house, enter not until permission is given." (24:27). A clear affirmation of property rights!

The sanctity of contracts is stated thus, "Keep faith with God when you make a pledge. You shall not break your oaths after you have sworn to them." (16:91-92). Elsewhere (4:33), "As for those with whom you have entered into agreements, let them too have their due. God bears witness to all things."

Hernando De Soto, in his book *The Mystery of Capital*, observes that capitalism fails in the Third World precisely because there is no respect for these rights, especially by those in power. The poor in these countries may have homes and enterprises, but without the sanctity of property and contract rights, they cannot convert their assets into capital.

One important component of property rights is the right of the individual to the fruits of his labor. Islam rightly condemns slavery and indentured labor, which are the ultimate manifestations of the loss of this right. As Ibn Khaldun wisely observed over 700 years ago, "One of the greatest injustices and one contributing most to the destruction of civilization is the unjustified imposition of tasks and the use of subjects for forced labor." Sadly throughout history, the state is the one agency that is responsible for most of the abuses in this regard.

The legitimate role of the state is to ensure that trading is not interfered with and that free trade is indeed free, with minimal or no intrusion by the state in the form of tariffs, quotas, permits, licenses, and other encumbrances. The state must ensure parity of power between

buyer and seller. Hence antitrust and other laws to prevent business collusion, price fixing, and other anti-competitive practices. That is, the state must ensure not only a level playing field so the various participants do not have an unfair advantage over their competitors but also the gates to the fields are not unduly restrictive to bar new players from entering. The state will always have an important role, as there is no such thing as the economists' ideal of a market with "perfect competition."

Additionally the state must also provide an environment where property and contract rights are enshrined and respected. Lastly, the state has a moral duty to provide for those who are unable to look after themselves: the sick, the aged, and the disabled. Perversely, when the state is consumed with matters that are rightly the purview of business, it is inevitably at the expense of this basic function. The poor and the disabled are much better looked after in capitalist America and Western Europe than in communist China or Russia.

Free enterprise is by no means a perfect system, but despite its defects it has proven to be the most successful and fairest. Capitalism as it exists today is much different from the raw exploitative form during Dicken's time, and it will again be different a century hence. Critics of free enterprise harp on the shortcomings instead of focusing on the benefits. Besides, these deficiencies pale in comparison to the colossal failures of socialism and communism. And a point worthy of note is that some of the severest critics of free enterprise—like George Soros—are themselves successful capitalists. I am sure communism too had critics amongst its midst, but not many survive.

As capitalism continues to evolve, its imperfections are being remedied or improved. Indeed the 2001 Nobel Prize winners in Economics were awarded to three practitioners who devoted their intellectual pursuits in clarifying real-life imperfect markets, or "markets with asymmetric information." One of them, Stanford's Michael Spence, has a special connection to Malaysia as he was an advisor to Mahathir for the Multimedia Super Corridor project. The second, Columbia Univer-

sity's Joseph Stiglitz, is a strong critic of the IMF over its handling of the Asian economic crisis. In a paper he co-wrote in the early 1980s he found that banks tend to restrict credit in a downturn rather than increase interest rates to compensate for the extra risk (as one would expect) because they know that only companies that are in trouble are likely to seek loans. Thus in a recession banks tend to choke off credit, thus exacerbating the downturn. This was what happened to Indonesia and Thailand with the IMF's prescription. Mahathir's policy in handling that crisis by lowering interest rate and loosening credit even at the risk of weakening the currency was well founded as proven by later developments. He restored confidence and allowed the market to function again.

In the decade following independence, the Tunku's administration adopted a *laissez-faire* attitude towards the economy. He was committed to free enterprise and capitalism, but he wrongly read the Malaysian economy and marketplace. They were neither open nor free. Two powerful forces effectively controlled the economy and marketplace. The first were the large and entrenched foreign-owned corporations (usually British) that essentially corralled the major sectors, from plantations and mining to manufacturing and banking. Through their sheer size and well-established network, these companies ensured that their dominance was never threatened. They neither welcomed nor tolerated new entrants and competitors. The second group was made up of ethnic Chinese and Indian "mom and pop" retailers and sundry merchants. Their enterprises were small family affairs. They too protected their economic turf ferociously. They effectively controlled their domain through their clan organizations, often using extralegal means to enforce their code. The "triad" organizations of secret societies are manifestations of this phenomenon.

Between the ethnic retailers and the major colonial corporations, the economy of Malaysia was essentially "locked up." They imposed stiff and insurmountable barriers to new entrants. In short, despite the government's commitment to a free market, the economy was far from

being free. The game was rigged. Had there been enterprising and competent Malays, they would be effectively shut out. Even a super entrepreneur like Ted Turner or someone with a Harvard MBA would have a tough time cracking in an honest way such a closed and rigged system.

Much had been written in the past on the supposed lack of business acumen of Malays. The residuum of that thinking still exists today. Had a careful analysis been done, the fault would lay more with the prevailing economic system. It had all the trappings of a free market but the reality was far different. As a result the system actually perpetrated and aggravated existing inequalities. Apart from the ensuing inter racial hostilities, such inequities also retarded economic growth.

This was not unique to Malaysia. Forty years later the Harvard economist Robert Barro empirically showed that such high levels of inequality, especially in a poor country, reduce economic growth. Perversely, in rich countries like America, such inequities encourage growth. In the 1960s Malaysia was a poor country. Tunku's misguided strategy and his denial of the aggravating inequities culminated the country's worse race riot of 1969. Tunku's knowledge of free enterprise was gleaned only from the lecture halls and libraries of Cambridge; he had no real life experience of the free market. His entire career before entering politics was in the civil service.

Fortunately for Malaysia, Tun Razak, Tunku's successor, intuitively knew what Barro would later discover. He ignored the conventional wisdom and intervened in the economy aggressively through his New Economic Policy. This massive social engineering initiative upended the entire economic and business scene in Malaysia, effectively leveling the economic playing field. His interventionist policies resulted in Malaysia becoming more of a true free market. Tun Razak's interventions succeeded because he did not take the economy away from free enterprise system and free market, rather he pushed it towards those goals. As a consequent, the nation is far better of today than it was a generation ago.

Thus many of the criticisms leveled at the free enterprise system are in reality criticisms of highly controlled economy that are masquerading or having the veneer of a free market.

There are of course valid criticisms and imperfections of the free market. By appealing to the lowest common denominator (that is, the most profitable), capitalism threatens traditional values and indirectly also our freedom. American mass media, being commercial enterprises, depend on advertising for their revenue; the higher the ratings, the bigger the revenue. Thus programs that offend one's sensibilities continue to be aired because they garner high ratings. This coarsening of mass culture through the media may encourage some to argue for government intervention. However I prefer a market solution first, as illustrated by the following example.

A few years ago one of the popular comedy shows wanted to break new grounds. The producers wanted to "out" the hostess's homosexuality by showing her kissing her lesbian lover. An outraged public led by some church leaders initiated a mass boycott of not only the station but also the show's sponsors. It was very effective; the series was terminated and the star dumped.

Malaysian leaders would prefer that some bureaucrats do the screening and censoring. Much as I hate any censorship, I would prefer one wielded by consumers (citizens) rather than by government. As citizens we can easily threaten the economic interests of corporations, but we would be very wary of challenging the government, especially a tyrannous one. And leaders who favor censorship tend to be tyrants.

While governments are quick to intervene in what they consider to be market failures, alas there is no one to curb the excesses of government. I fear the latter more; look at Iraq and Afghanistan. Simply put, I trust the invisible hand of the free market to the stiff arm of the government.

Then there are the conceited who feel that they can control markets. Malaysia squandered billions in the futile attempts to "fix" the value of

the ringgit, corner the tin market, and most recently, manipulate stock prices. They never learn.

Nor should governments be directly involved in commerce. "Commercial activity on the part of the ruler," observed Ibn Khaldun, "is harmful to his subjects and ruinous to the tax revenue." Substitute "ruling party" for "ruler," and we have the mess that is common in many countries. The colossal losses incurred by Malaysia's myriad state-sponsored enterprises are enough to eradicate poverty, and plenty left over to improve the schools and universities.

Malaysia presents a unique situation in that most if not all its state-sponsored enterprises are created for the benefit of Bumiputras. Such companies as Petronas, Pernas, and hosts of other 'Nases are created specifically to jumpstart a class of Malay corporate and entrepreneurial leaders. Malaysia recognizes that growth without equity is a recipe for disaster in a multiracial society, especially when those inequities parallel racial lines: hence the justifications for massive state involvement in the economy. Apart from the federally sponsored companies, there are others started by the state as well as local municipalities. Their objectives remain the same; sadly so are their performances. With few exceptions they all have been commercial failures and drain the public purse. The most spectacular is undoubtedly Bank Bumiputra, now finally and mercifully put out of its misery after multiple expensive bailouts. But there are many now vying to replace the bank's claim to notoriety.

Apart from the financial waste, such rescues and bailouts of floundering state corporations exact another much stiffer price. As Malays managed these companies, the failures inevitably raise old ugly stereotypes of Malay aptitude in and competence for commerce. This is not only unfair but reflects racist stereotyping of the most vicious kind. What is forgotten by such ugly innuendoes is that similar state corporations in China (GITIC) and India (Air India) suffer the same fate, yet no one would dare conclude from such debacles the aptitude of the Chinese and Indians for commerce. Such companies fail precisely because they are state sponsored. Amtrak, the American public passen-

ger train corporation, needs generous annual subsidies to keep its trains running. The landscape of corporate America is littered with the carcasses of once mighty empires done in when they lost their lucrative military contracts. With the ending of the Cold War, companies like Lockheed and Martin Marietta that became flabby on easy and lucrative cost-plus Pentagon contracts, are now buried under the competitive pressures of free markets.

In Malaysia, another unintended negative consequence of these Permas-like companies is that they provide inadequate training for and inculcate the wrong values in would-be Malay executives and entrepreneurs. In ambience and culture these companies resemble government agencies. The mentality of the executives is still civil service-like. Instead of preparing Malay executives to be mean and lean, they succeed in making them flabby and content, solely dependent on easy government contracts. And when these companies fail, those half-baked executives are rarely penalized; instead they are simply transferred to other healthy government-sponsored companies. Thus their unhealthy and non-competitive habits spread.

As a Malay I am deeply offended by the behaviors (both personal and professional) of these Malay corporate figures. First I am appalled that individuals with such meager credentials and experiences were given awesome responsibilities of running multibillion companies. Often these executives' claim to any formal training is their first degree or professional training as bean counters. Few have formal training in management; and if they do possess an MBA, it is more likely to be from a third rate institution. Tajuddin Ramli, the former head of Malaysia Airlines (MAS), has no understanding of or experience in the aviation industry. His legacy at the national airline is one of massive debt, over capacity, and lousy employee morale. He built his presumed business acumen running a cellular phone company that had the benefit of a lucrative government monopoly. As Sun Microsystem's Scott McNealy observes, "You need zero, zero management skill to run a monopoly."

Tajuddin's successor at MAS, though widely lauded, has yet to prove his mettle. Again, he lacks formal training in management or experience in aviation. At least the government recognized his limitations and is actively looking for an experienced foreign executive to be his number two as chief operating officer. Frankly, no executive worth his salt would be willing to take a position as a subordinate to someone who does not know his job. I do not understand why the government does not directly employ a proven executive. If he or she happens to be a foreigner, so what? Once you get a capable executive then have a promising local candidate to be the understudy. Meanwhile send your best young managers to top American business schools.

I highlighted Tajuddin Ramli as a prime example because he cost the nation billions and inflicted irreparable damage to the reputation of Malays. He also epitomized those government-groomed "entrepreneurs." The Oxford anthropologist Patricia Sloane made a field study of these Malay entrepreneurs, treating them as if they were members of some pygmy tribes. What impressed me from her study was the lack of any value these entrepreneurs bring to their businesses. Their commonality was their ability to secure lucrative government contracts or juicy privatization projects, and their networking with the politically powerful. Their particular talent was on cashing in on their political ties.

If you name any successful American entrepreneur, you can immediately connect some product or service associated with him: Bill Gates, computer software; Andy Grove, computer chips; Steve Jobs, Apple computer; Ray Kroch, McDonald's restaurants. But if I were to mention some Malay corporate titans, the immediate response by the populace would be to list the lucrative government contracts or privatization projects that they were lucky enough to secure. American entrepreneurs count their inventions and innovations; their Malay counterparts count their connections and networking with the establishment.

As to which class of entrepreneurs would prove to be more enduring, the answer came soon enough. Just a few years later, those once highflying Malay tycoons are now ignominiously grounded, but sadly not before they blew away billions worth of the nation's precious and scant resources. There must be a cautionary lesson in all these, one that Malaysia must learn and cannot ignore. Retrace those steps by which these "entrepreneurs" were created and then make sure not to repeat the mistakes. The curse of these UMNO entrepreneurs is that the government has blessed them. Ibn Khaldun's wisdom is as valid today as it was 700 years ago.

MORAL ARGUMENTS FOR FREE TRADE

Daniel Griswold of the conservative Cato Institute in Washington, DC, argues that free trade is morally right, quite apart from the benefits that accrue upon the participants. Free trade respects individual dignity and sovereignty. When one engages in honest work, one has the basic right to enjoy the fruits of one's labor. No authority has the power to forbid someone from exchanging the fruits of that labor with something else produced by another person, whether that person is in the next village or across the globe. Ibn Khaldun first expressed these views in the 14th century. Protectionism is just another form of stealing; taking from one group of people (consumers) and giving the spoils to another (usually domestic producers and others who are politically powerful).

Free trade also encourages individuals to cultivate moral virtues. To be successful in trade, one must be reliable and provide the goods and services that are needed and at a price that is affordable. Rewards go to those who are trustworthy, reliable, and deliver on their promises. These are the same qualities that are regarded as virtues in any religion. For Muslims, it is instructive that Muhammad (pbuh) was a trustworthy merchant who brought great profits to his employer before he received his prophethood.

Free trade brings people together through their mutual interests. It is not surprising that inhabitants of port cities and trade centers are very cosmopolitan and receptive to new ideas. Malacca was for a long time a trading center along the East-West maritime trade route, and their people were welcoming of the ways of both East and West. They readily accepted Islam because they were open to new ideas. Residents of inland areas and areas not exposed to the outside world tend to be xenophobic and insular.

Another important consequent of free trade is that it encourages other basic human rights. With the free exchange of goods and services comes the free exchange of ideas. This encourages tolerance. The wealth created through trade helps nurture civil institutions. People tend to be more tolerant and less selfish when they are prosperous. Today race relations are so much better in Malaysia than Indonesia because Malaysians are so much more affluent. They have a lot more at stake should disturbances of any kind develop. Similarly as China and South Korea become more open and prosperous through trade, democratic and civil institutions there will be strengthened.

Free trade also fosters peace. It does not guarantee peace but as nations become more integrated and interdependent, they have more to lose with the disruptions of trade. Granted, when Japanese imports were flooding America and American workers were displaced as a result, Japan bashing was rampant among union workers and opportunistic politicians. The spectacle of senior members of Congress smashing Japanese cars on the steps of the Capitol in the 1980s was indeed pathetic. What is often forgotten in such crass displays of patriotism is that most Americans do not share those views. Those scenes are prominently replayed on television screens purely for ratings. The fact is for every factory worker laid off, there are many more jobs created in west coast ports to cater for the increased imports. Besides, as the Japanese become more affluent, their disposable income is spent traveling to America and playing golf at expensive resorts. And to cater for the

flood of tourists, Japan Airlines had to buy more 747 jets from Boeing. Trade is a "win-win" encounter.

Lastly, free trade helps those at the very bottom of the economic pile, those most deserving of help. Americans may sniff at the peanut wages paid to Indonesian Nike factory workers, nonetheless that same income enables the workers to feed and clothe their families. The income may be peanuts by American standards, but it is a heck of a lot more than what the Indonesians would have earned planting rice or pulling rickshaws. Americans, by buying Nike shoes made in Indonesia, do a lot more good for the Indonesians than all the foreign aids that were poured to that country. Lord Bauer was a strong proponent of trade instead of aid as an effective route for developing a country. The success of South Korea, Taiwan, and hosts of other countries is testimony to that wisdom.

The difficulty in understanding free trade, especially international trade, is that we are burdened by the traditional concept characterized for example, by America buying Malaysian rubber and Malaysians in turn buying American planes. These kinds of trading still go on, but modern trading is much more complicated. For example, according to US Department of Commerce figures, 40% of American "exports" are not actual trading as described, rather transfers of goods and services to foreign affiliates and subsidiaries of American companies. These are not trade in the traditional sense but more correctly intra company transfers, even though they occur across borders. International trade today is also increasingly not in goods but services like management consultancies, insurance, and professional services. An increasingly important component in this service trade is of course tourism. With countries like Jamaica, it is *the* major source of foreign exchange earnings. Even in Malaysia tourism is now the second leading foreign exchange earner, after manufacturing. For America, a major source of foreign funds is the tuition and living expenses incurred by foreign students studying on American campuses. That can be in excess of US

\$30,000.00 per student annually. Malaysia is aggressively trying to tap into that market.

Within the last decade yet another wrinkle has appeared that would dwarf all previous activities of international trade. Today the transfer of funds across borders has less to do with the trading of goods and services, as with traditional trading, but more with trading on money itself. That is currency speculators trying to take maximal advantage of infinitesimal differences in exchange rates. As the Indian-born Columbia University economist Jagdish Bhagwati noted, while the clear benefits of traditional free trade in goods and services have been clearly demonstrated, no such gains have been demonstrated by the free flow of capital. In his words, "The claims of enormous benefits from free capital mobility are not persuasive. Substantial gains have been asserted, not demonstrated, and most of the payoff can be obtained by direct equity investment. [This] myth...has been created by the...Wall Street-Treasury complex." Mahathir could not have said it better.

Bhagwati's and Mahathir's views notwithstanding, nonetheless to those with the money (portfolio and other money managers of the First World) trade is trade, whether it involves widgets, services, or currency. Until the world's financial architecture can decouple currency trading from other forms of "genuine" trade, this perception will persist. When Malaysia imposed capital and currency controls in 1998, the investment world took that to mean that the country was no longer open to trade and foreign investments. All the government's campaign to prove otherwise came to naught.

Malaysia's decision to impose capital controls came at the worst possible time, just as the competition for foreign investments became very intense brought on by two confluent events. One, with the breakdown of the former Soviet empire, there are many more newly independent countries all clamoring for the same investment funds. Two, also with the collapse of communism, many countries are now discovering the wonders of free enterprise. They too are clamoring for foreign investments. For Malaysia, the stiffest competition comes from China and

India. They have huge domestic market that is very alluring to investors. China is effectively exploiting that advantage while India remains smug, believing that its large domestic market is attraction enough. Another major competitor is Mexico. Since the adoption of the North American Free Trade Agreement (NAFTA), Mexico has been the recipient of the bulk of foreign investments from America and elsewhere. Even Malaysian manufacturers are setting up plants in Mexico to position themselves more competitively in catering for the American market.

When capital control was imposed, foreign investors deserted Malaysia for countries like China and Mexico. Although those controls are now effectively dismantled, at least for foreigners, the distaste still lingers.

A major misconception not only in the Third World but also in the West is to equate free enterprise with big businesses, in particular large multinational corporations. Much of the criticisms and purported failures attributed to capitalism are more accurately the failures and excesses of big businesses. In America (and also in Japan and Europe) big businesses collude with big government and powerful labor organizations to thwart free enterprise and free trade. Earlier I referred to the massive agricultural subsidies given to European, American, and Japanese farmers. Similarly, with the giant America steel companies whose inept managers are more adept at lobbying Congress than making their plants more efficient. Their unionized workers too are more skillful at milking featherbedding work rules rather than being productive. The industry is thus forever seeking government help with import quotas and substantial tariffs. President Bush, his commitment to free enterprise notwithstanding, recently buckled to their lobbying and in April 2002 granted the industry substantial tariff protection. There will be other subsidies coming up, with the farm sector next in line. The shipbuilding and cruise industries in America are essentially moribund, unable to compete outside of fat government contracts and subsidies.

Unfortunately many Third World leaders like Mahathir seized upon such behaviors to justify their own retreat from free trade. After all if leaders of capitalism see fit to protect their own industries, why should not Third World countries do the same? I suggest that America progresses *despite* and not *because* of these protectionist measures. Malaysia should rightly challenge America, Japan, and Europe to live to their commitment of free enterprise and free trade. It should not use their protectionist maneuvers as excuses for Malaysia's own retreat.

Under Mahathir, Malaysians saw their standard of living improved dramatically, despite the 1997 economic crisis. Not coincidentally this occurred at the same time that the country was committed to foreign trade and investments. Under Mahathir the nation leaped to be among the top twenty trading nations. Malaysia's experience is by no means unique.

A study by the World Bank showed that in the past two decades the "globalizing" group of nations, that is those nations that had a significant portion of their GDP in foreign trade and investment, grew at the rate of 5% annually as compared to about 2% for the developed world. That is, they grew over twice as fast. In contrast, the "non-globalized" nations grew at barely 1% annually, a rate half of that of the developed world and a fifth of that of the globalized world. This is a remarkably strong correlation that Malaysian leaders simply cannot ignore.

Malaysia should follow the example of Mexico and other countries and seek a free trade agreement with America. Surely Malaysians can compete with the Americans in many sectors. The lives of Mexicans have improved immensely since the adoption of NAFTA. Singapore is also desperately trying to get a similar agreement with America.

Capitalism has served Malaysia well; she should not abandon a proven successful strategy. Malaysia should continue to embrace free enterprise and trade and not take any step that the world may perceive rightly or wrongly as a diminution in her commitment to this cause.

ENCOURAGING ENTREPRENEURIALISM

The catalyst that drives, or more accurately the spark that ignites, capitalism is the entrepreneur. This is the individual who sees the opportunity to sell an item or service at a price higher than the cost of making or obtaining it. He or she sees the need or demand, and then goes about to meeting that need, and in the process makes a profit for himself. Entrepreneurs are, in the words of the MIT economist Lester Thurow, "...the change agents of capitalism."

It is at this point that the religious types sense an argument against capitalism. Their argument is simply this: capitalism feeds on the individual's motivation to make a profit, to get rich. My rebuttal is equally simple. The entrepreneur provides a much-needed service or product where none exists before. If that product or service is not needed, then his enterprise will fold soon enough. As for the personal greed motive, it is worthwhile to note that every successful entrepreneur ignites a chain of events that brings benefit to countless others. Ray Kroc who founded McDonalds restaurants with the simple premise that consumers need a reliable place to get consistently tasty and affordable meals, started a chain of process that helps ranchers and butchers (source of meat), potato growers (the chips), and countless youngsters with their first job. This is separate from the great services it provides consumers. As for the personal greed argument, it is well to remember McDonalds creat more Black millionaires in America than the all the professional sports leagues combined. Similarly when Bill Gates created that software operating system, he also provided opportunities for thousands of other software engineers to write applications for his Windows program. Of course Ray Kroc and Bill Gates became fabulously rich, but they were not alone; they brought along countless others. Equally important and bears repeating, they provided much-needed services, products, and most importantly, jobs. The value of the benefits to society they created with their services and inventions far outweigh the

wealth and rewards that they get. That is the beauty and genius of free enterprise. It is a "win-win" proposition.

While the religious types may emphasize the material gains accrued on the individual businessman and trader, I emphasize the goods, services, and jobs he or she provides to the community.

In feudal societies one's fate depends exclusively on birth and heritage. From there flows wealth and honor. Providential gifts may at times add new players to the scene. In the movie *Giant*, the scruffy character played by James Dean catapulted himself into the establishment when he found oil (black gold) on his parched desert property. But those were the days. Today, to use that overworked modern cliché, there is a paradigm shift.

"The old foundations of success are gone," observes Lester Thurow. "For all of human history," he writes, "the source of success has been controlling natural resources—land, gold, oil. Suddenly the answer is 'knowledge.'" It is not that the usual rules have changed in the "New" economy, rather that the traditional ingredients for growth—land, resources, and labor (the factors of production, in economists' lingo)—are being superseded by knowledge.

The old economic axiom—that real wealth results when more is produced with less, that is through increases in productivity—still holds. Consider a padi farmer. By working an eight-hour day he produces a ton of rice. In an effort to increase his harvest, he works an additional four hours per day and produces an additional half-ton of rice. Even though he may bring home more rice, his real wealth has not increased. The reason is that the additional yield was at the expense of his time away from his other activities, such as his bonding with his young family or even at the expense of his health. These too carry their costs. What he would have earned more from the extra rice production, he would have to pay his doctor's bills for his backache! Besides, there is a physical limit to how many more hours in a day he can work. If he persists with this technique of wealth enhancement to the extreme, he may end up with losing both his family and his health, and

the end result would be a big negative. But if he would change his technique from simply putting in more hours to making those hours more productive and efficient, then he would be creating more wealth. For example he could use high yielding seeds. Then the difference between the increased yield minus the added cost of the more expensive seeds would be the newly created wealth. Or he could rent a tractor and cultivate three times the area to yield three times more rice for the same output of time and effort. And after subtracting for the added costs of the rentals, he would still come out ahead. That is real wealth creation, that is, output in excess of the efforts expended. We should not just work hard in the same manner, rather work hard to find ways to work smarter and be more productive.

It is the individual entrepreneur who brings about change and creates wealth, not governments or institutions. Thus we must ensure an environment where entrepreneurs can thrive, where their activities are rewarded and valued so as not only to encourage them but also more importantly, to encourage others to be like them. Entrepreneurs are not born; they can be trained and nurtured.

In the West, entrepreneurs like Ted Turner (the man who founded the all-news network, CNN) and Bill Gates have acquired mythic proportions with their massive corporations and fabulous wealth. This larger-than-life image both helps and hinders other would-be entrepreneurs. The hindrance comes when budding and unsure entrepreneurs believe that such enterprising skills are inherent and cannot be taught. But it is well to remember that for every Ted Turner there are thousands of other successful entrepreneurs who may not have the same wealth and fame but nonetheless are providing valuable services to the community and giving employment to their fellow citizens and at the same time making a living for themselves. Each of them, big and small is a contributor to the economy. Every one who starts his own business is an entrepreneur. The youngsters who hawk T-shirts at tourist stops are entrepreneurs in their own right. So too are the *sate* (Malaysian shish kebab) sellers and wayside fried banana hawkers. In our preoccu-

pation with the major figures, we underestimate and even denigrate these small players. We forget that those big names were once small operators. McDonald's Ray Kroc started with only one hamburger stand in Southern California.

Economists, unable to understand or more correctly unwilling to study these small time businessmen, dismiss them collectively as the "informal sector" of the economy, not worthy of their fancy econometric models. But worldwide they provide substantial employment especially to those with minimal skills. As we have seen by the successes of the micro credit lending programs of the Grameen Bank, even illiterate Bangladesh women can trained to become successful entrepreneurs in their own right.

A decade ago there was not much interest in teaching entrepreneurialism at business schools as the perceived wisdom was that it could not be taught. Today it is a hot elective for young MBAs. Many top line business schools trumpet their entrepreneurial studies program.

It is not accidental that most graduates of American universities aspire to work for the private sector or start their own businesses. Their models are their professors starting new ventures or becoming consultants to industry. In my graduating class, only a few considered a job with the government. The vast majority opted for starting their own medical practices. In contrast, in Malaysia most graduates, especially Malays, look to the government for employment.

The culture and the social environment can do much to foster entrepreneurialism, especially the attitude towards failure and risk taking, as well as the reward system.

The stance towards failure is particularly instructive. As Scott McNealy of Sun Microsystems observes, if you do not have failures, you do not have winners. And if you do not have winners, you do not have a market economy. Part of what makes America great is that there is little stigma attached to failures. The recent Dot.com crash may have dampened but did not destroy the Silicon Valley spirit. Granted, million dollar homes were not selling fast and there were fewer sleek

Porches on the streets of Palo Alto, but the area is still bustling with entrepreneurial activities.

For Malays, the trauma of failure is a double burden. In addition to the deep personal disappointment, they would now be portrayed as yet another example of the inadequacies of their race. This is a major psychological load. Unfortunately the government, by continually harping and criticizing on the failures of Malays, only aggravates the problem.

There is nothing wrong with failure as long you learn and benefit from the experience, and be a better person for it. But before one can learn from one's failures, one must first acknowledge them. This is where Malaysians, in particular Malays, come out short. The typical tendency is to pretend that everything is fine, or worse, to hide the failures for fear of embarrassment. Or perversely, to claim that those failures were actually victories! To this day there is no real acknowledgement or proper accounting of why Bank Bumiputra failed. Was it a failure of policy or of personnel? Was it the result of an honest error of judgment—a bad business decision perhaps—or was there fraud and criminality involved? There are hosts of other questions that have yet to be addressed. Until they are satisfactorily looked at and analyzed, the lessons of that massive and very expensive corporate fiasco will never be learned and Malaysians risk repeating the same mistakes.

Contrast that to the recent failure of Enron, America's biggest corporate failure. The dust had barely settled and already Enron's senior executives were hauled before Congress to face a grilling scrutiny, and Enron's auditing firm, Arthur Andersen, indicted. And Management professors were fast examining the case, and ready for their class discussions. Such close scrutiny of Enron is not lost on other executives and company directors. They are now being more careful and prudent. Investors too are taking note and pummeling the stocks of companies with opaque financial statements. As a result, many companies are now voluntarily revising their financial statements and annual reports to make sure that they are more transparent and do not contain any

potential financial time bombs or hidden off balance sheet liabilities *a la* Enron.

Tax laws, bureaucratic barriers, and the general business climate have also a lot to do with stimulating business activities. Despite the overall favorable atmosphere in America, there are still significant hindrances to new businesses. The most critical and whose effects are not readily recognized because the dangers they pose are more surreptitious, is the tort climate. Many new businesses could not start or have been forced to close because of the punitive American liability laws. In the state of Georgia, there were so many lawsuits arising from horse-related injuries that the entire horse recreation industry was threatened as nobody could afford the insurance. The state had to intervene with special legislation declaring that being kicked by or falling from a horse is an acceptable risk and that neither the horse owner or trainer could be sued for such events. In the mid 1970s California surgeons literally went on strike to protest obscene malpractice insurance premiums. Again the state had to intervene with liability insurance reforms and award caps.

In many Third World countries there are similar hindrances to new business. The most obvious is the need for permits and with that, the expected bureaucratic obstacles and of course the widespread corruption. Of these corruption is the most pernicious hurdle. It acts as a cancer, sapping at the vitality of the body of business and could eventually kill it. Corruption acts as a hidden tax in inhibiting business. Indeed economists have empirically shown that that 2.4-point decline in the Corruption Index (1-10) equals a 4% percentage basis point increase in the per capita growth rate—very significant and direct impact.

Trading and other capitalistic activities have been with man for a very long time, but the modern version of capitalism is a relatively new concept. The Protestant reformist John Calvin is widely credited with his novel interpretation of Christianity that led to the birth of modern capitalism. Previously the Christian attitude towards and understanding of business and trading were similar to that of many present-day

Muslims. Calvin's novel re interpretation of the concept of predestination changed everything. As understood then (a belief also shared by most Muslims today) is that one's fate is predestined by God. There is nothing that one can do to alter this. Or as Muslims would say, "Our fate is written in the book! (*Al Qadar*)" This belief is also typical of all feudal societies, as Europe was at Calvin's time.

Calvin reaffirmed the concept of predestination. But then he suggested that God in His wisdom would give hints of whom He favors. That is, God would give a preview of those He would favor in the hereafter by giving them success in the present world. As a consequent of this new theology, people would now work very hard to succeed in an effort to show the world that they were the favored ones in God's eyes. Sounds very logical to me! Success and its accouterments were no longer disparaged but were now seen as signs of God's favor. Poverty and destitution were now no longer seen as God's benediction (as encapsulated by the biblical saying that the meek and poor shall inherit the earth), rather a preview of God's wrath. Thus was born the work ethics that is the basis of modern capitalism. John Calvin's genius was not to invent a new or revolutionary philosophy, rather to give a new twist to an established belief. Or to use the language of today's political operatives, put a fresh spin to an old assumption.

With this new interpretation, hard work and the consequent wealth accumulation were looked upon very favorably—a sign of God's favor. At the same time, being a loafer and generally non productive were looked upon negatively, a reflection of divine disfavor. The legendary Protestant work ethic is attributed to this new theology. Unlike Christianity, the Muslim Holy Book is replete with praises for hardworking traders and businessmen. Thus Muslims need not put any novel spin on our belief, all we have to do is merely understand the original message of the Qur'an. Capitalism, more than any other economic system, is in tune with the essence of Islam.

One of the basic objectives of Malaysia's New Economic Policy (NEP) adopted in 1970 was the eradication of the identification of

economic activities with race. As part of this strategy the government was heavily involved in the private sector primarily because it was the only entity that was able to open up the economy from its closed shop system. At the same time the strategy was to establish a core or a critical mass of Malay entrepreneurs. This critical core of successful businessmen would in turn spearhead a chain of reaction through their suppliers, subcontractors, and various vendors that at each level would augment the number of additional entrepreneurs. It is akin to the multiplier effect when the government infuses funds into the private sector through the banking system. Alas, the results of the NEP were far short. While the government was expecting a numerical target of 30% Bumiputra participation in the private sector by the end of the NEP period (1990), the actual results were nowhere close (less than 20%). Even that low figure was artificially inflated by the inclusion of assets held under the various statutory bodies.

The NEP succeeded in one remarkable aspect. It managed to open the cartels of the colonial firms on one hand (primarily at the wholesale level) as well as the stranglehold of the ethnic "mom and pop" retailers. The NEP succeeded in pushing Malaysia closer to the free market ideals. But it fared badly in trying to create of class of Bumiputra entrepreneurs. Although much has been written on the NEP, this particular failure has not received much scrutiny and analyses.

As a long distance observer, let me suggest some reasons for NEP's failure in this endeavor. They all boil down to that basic defect of too much central planning and too rigid top-down command. The government, instead of trying to create an environment where budding Bumiputra entrepreneurs could thrive, went much further to actually select which individual Bumiputras would thrive and succeed. These central planners presume to know the traits of a successful would-be businessman. That these planners—politicians and bureaucrats—have no experience in starting or running a business is conveniently ignored. Such hubris! No surprise then that the pseudo entrepreneurs that the system produced were more adept in cashing in their close association with the

politically powerful rather than being true creators and builders of wealth. They in turn perpetuated that same system in choosing their own set of suppliers, subcontractors, and vendors. Thus was born a class of Bumiputra entrepreneurs and businessmen more skillful at commercializing their political ties rather than being true wealth creators; a class of rent seekers and parasites rather than of true entrepreneurs.

These individuals with their new wealth and political clout began flexing their power. They easily convinced the government that juicy public contracts and privatization projects be reserved for them in the belief that their enterprises would quickly reach a sufficient size and strength that they could then take on the world. They wanted to create their own kampong version of the Japanese *keiretsu* and Korean *chaebol*. These big Bumiputra companies would then act as a locomotive to carry the rest forward. That at least was the theory.

The reality, as with all centrally hatched plans, was far different. The relationship these new companies had with their suppliers and vendors down the feeding chain was more predatory than supportive. These companies acted less like locomotives and more like the head of a serpent devouring every competitor, Bumiputra and non-Bumiputra alike. They effectively snuffed out other new entrants.

One example would suffice to illustrate the massive clout of these new Bumiputra pseudo entrepreneurs and their destructive predatory behaviors. In Kuala Lumpur of the 1970s, the government issued a number of *bas mini* (mini bus) permits to provide transportation services to the many small suburbs sprouting around the capital city. These new settlements were too small to merit regular bus services. Thus the *bas mini* was an ideal compromise between cheap public buses and the more expensive taxis. That brilliant strategy resulted in many mini bus owner-operators. The program succeeded in creating a class of true smalltime entrepreneurs not only in the form of owner operators but also in the supporting services, including repair shops and coach builders. The public too benefited from the frequent and

convenient bus service. It became a point where these mini buses became ubiquitous in the capital city, and plans were afoot to introduce them at other major urban centers.

It did not take long for the powerful government-sponsored pseudo entrepreneurs to muscle in. They convinced the government to cancel those permits and to give the franchise to their major bus companies instead. Overnight these owner-operators saw their investments become worthless. The government decided, persuaded undoubtedly by the politically connected entrepreneurs, that the big bus companies could provide a better service than the mini bus operators. Of course the government never bothered to ask the consumers.

A better strategy would have been to let them battle it out in the marketplace. Whoever provides the better service would win. This hubris of top government officials presuming to be able to pick winners in the private sector is major factor in the economic crisis of 1997. Sadly, the government has yet to learn its lesson. It continues with the same pattern. Only this time some other new favored players are replacing the Tajuddin Ramlis and Halim Saads of yore. Contracts and projects are still being awarded *sans* competitive bidding. A decade hence the story would be the same, only the names and characters would change.

I suggest that if the Malaysian government were to invest in future business tycoons it would be more fruitful to seek these individuals at our Sunday and night markets rather than nurturing those armchair "entrepreneurs" in their business suits who frequent UMNO's divisional meetings and general assemblies. In 1976 I read a book written by a Canadian economist who was in Malaysia documenting the economics of these small-time hawkers. I would have expected that pioneering research to spawn other studies, but I have not come across many.

Let's take the simple enterprise of selling fried bananas. This simple business has all the ingredients of a major corporation. There are all the details of cash flow, marketing, sales, expenses, and inventories. These

hawkers could all be taught the basic concepts of a business enterprise by using his roadside stall as a ready and concrete example. Thus someone could organize them into a purchasing group so they could buy their supplies (flour, cooking oil, and gas) in bulk to effect substantial savings. And lowered costs would contribute directly to the bottom line. This is true with multinational corporations as well as roadside hawkers. Then someone could teach these hawkers to expand their "menu" (inventories). They could for instance, expand into providing cold drinks or tea. That would directly add to the revenue. Or to use the sophisticated business term, diversifying their product line. Additionally they could plant their own bananas instead of buying them. To put it in business terminology, bringing their suppliers in house; or vertical integration. That would definitely reduce their costs and boost profits.

The improvement or learning process does not stop there. The more enterprising hawkers might consider offering a gourmet menu by using the sweet tasty variety of bananas like *pisang raja* (royal banana), charging extra of course for the premium product. Or they might cater to health-conscious customers by using low-salt, low-caloric, and low-cholesterol ingredients. They might even go further upscale and make not the routine fried bananas but instead baked them in molasses, and then serve them in nice plates just like they do in fancy American restaurants. Call the new product banana flambé! They can even add rum to the concoction for their non-Muslim customers. Or serve them as *ala mode* combination with ice cream. All these product enhancements would serve to increase the value and hence the price that could charge. There is literally no limit to the potential with even the lowly fried banana business.

To those who dismiss such possibilities, think what they have done with the simple cup of coffee. It spawned the Starbucks chain, where the humble 50-cent cup of coffee now goes for a couple of dollars! There might just be a enterprising hawker out there who, with the

proper encouragement, support, and skills, could spawn a banana *ala mode* chain of convenient snack foods.

What could be done for the lowly fried banana sellers could be also be done to other low level entrepreneurs like the small time service providers: barbers, cosmeticians, tailors, mechanics, plumbers, and the like. I would provide them with low-cost loans to start and or expand their businesses. With the tailor, for example, I would fund him to further his skills so that he could update his fashion designs. Similarly with barbers and hairdressers, so they can charge more for doing more creative and personalized hairstyling and cutting, instead of the usual *tempurong* (straight cut) style for every one.

The remarkable thing about these initiatives is that individually and in the aggregate, they would cost very little. The default rate for such loans is very low, as demonstrated by the experience of Grameen Bank in Bangladesh. But the most important benefit of such a scheme is that it would encourage trade among ordinary Malays and teach them the value of business and free enterprise. This would help eradicate the ingrained mindset of forever waiting for the government or someone else to provide them with a paycheck.

Once we have succeeded in producing such low level entrepreneurs then we could move up the ladder, to professionals and sub-professionals like accountants, lawyers, and engineers. From there, the government could then target the bigger contractors and major players. And with involvement at each level, the government would have better experience in assessing the risks and viability of the various individuals and proposals.

The difference between my plan and the government's present strategy is that I let the market decide who should get the benefit of government help, not some all-knowing civil servant back in Kuala Lumpur. Further my plan is considerably cheaper and impacts many more people, in contrast to the present where billions are being lavishly squandered on the few. Lastly my plan will produce real entrepreneurs, not

the armchair types that the Malay community currently have in abundance.

The remarkable observation about many successful companies of today is that they all started small. HP and Apple Computer were both started by engineers tinkering in their garages. No Washington official earmarked them for success. Grooming entrepreneurs from below would prove more enduring and successful, in contrast to the present strategy of starting at the top.

My point is, we do not know where the next spark will come from. What is important is that we must create the conditions whereby should that spark ignite, it would start a chain of reactions far and beyond. This notion that some high and mighty bureaucrat or esteemed leader sitting in his air-conditioned office in Kuala Lumpur could pick industry winners, is pure bunk. And their track record proves it. The sooner Malaysian leaders disabuse themselves of this delusion the better would be the nation.

One of the lessons of history is that no society that values order above everything else will encourage creativity among its citizenry. Such societies will be orderly all right, but they will not be creative or blazing new trails. The reverse is equally true, that is, without some degree of order, creativity will disappear.

Earlier I alluded to the history of ancient China. The Chinese of the 15th century had all the necessary ingredients that could lead them and the world into greater heights and to launch their own Industrial Revolution. They already had blast furnaces and piston bellows for making steel, discovered and used gunpowder, compass, paper and printing. But a mighty emperor ruled them; his edict was law and it could not be challenged. In his wisdom he declared that those were useless inventions and ordered their activities stopped. Being an orderly society, the Chinese meekly complied. Four hundred years later the Europeans would reinvent what the Chinese were doing routinely centuries earlier. Unlike the Chinese, these enterprising Europeans, unrestrained by

a God-like emperor, were able to tinker with their inventions and collectively they ushered Europe into the Industrial Revolution.

Consider the polar opposite of China: Russia immediately preceding the Bolshevik Revolution. The chaos of a dying empire produced a slew of luminaries in both the arts and sciences. In the world of music and arts there were Stravinsky, Tchaikovsky, and Kasimir; in literature Tolstoy, Dostoevski, and Chekov; and science Mendeleev (periodic table) and Pavlov (Physiology). Living in the chaos of a dying empire and unable to revolt against the powerful Czar, they bravely challenged orthodoxies in their own fields. Had there been order and the Czar maintained his tight grip, he could have easily squashed these super achievers with their brash new ideas and creations. Creativity thrives in chaos but without some semblance of order, those Russians could not translate their brilliant innovations into a successful economy.

"To advance and use knowledge," writes Lester Thurow, "a society needs the right combination of chaos and order." Too much order (China) and you have stagnation; too much chaos (Pre Bolshevik Russia) and you would not be able to capitalize on those inventions. A contemporary example would be Japan (too much order that it stifles creativity) that now remains stagnant after a brief period of advancement, and America that thrives as it has found the right combination of chaos (freedom) and order.

What is true of economic and scientific activities is also true for the arts and other creative endeavors. As noted by my favorite poet Chairil Anwar, "In Art, vitality is the chaotic state; beauty the cosmic final state."

These same dynamics between order and chaos also operate on the level of the individual: the tension between tradition and rebellion. Einstein's early life had all the characteristics of a drop out: he quit school, renounced his citizenship, lived at the margins of society, and indeed regarded himself as a gypsy. Those early chaotic days belied his later genius. His General Theory of Relativity, a unitarian concept, ironically brings order to the apparent chaos that is the universe.

Chairil Anwar thrived in the chaotic days of pre-independent Indonesia. His most well known verse "Aku" (Me!) reeks with this fearless expression of rugged individualism and irrepressible yearning for freedom. To quote:

<i>Aku ini binatang jalang</i>	(I am but a wild animal
<i>Dari kumpulan nya terbang</i>	Cut from its kind
...	...
<i>Dan aku akan lebih tidak peduli</i>	and I should care even less
<i>Aku mahu hidup seribu tahun lagi!</i>	I want to live for a thousand years!

If there is indeed a Malaysian Chairil Anwar out there today, he would more likely have been kicked out of school; or if he ended up at the local university, he would have been long ago been detained under the ISA. But had he been born in America today, he would have earned millions writing lyrics for some hip hop groups or be the nation's poet laureate.

It is for this reason (too much order) that I worry about young Malays attending religious schools. The emphasis there is on blindly following what is already established, with no room for critical thinking and independent thought. Any streak of independence is quickly stamped out. I do not expect to find future agents for change in Malay society to emerge from the present religious institutions.

Malaysia, and the Malay community in particular, has its fair share of the talented and enterprising. In their preoccupation for order and emphasis on conformity, Malaysian leaders are inadvertently snuffing out the independent spirits of their citizens. Progress depends on those who dare challenge the existing order and who dare push the envelope beyond. Malaysian leaders must not only tolerate diversity and differences in opinions among the citizens but also more importantly, encourage and celebrate those differences. We must encourage divergent viewpoints, as we will never know which one will prove to be

right. Sadly the leaders confuse unity with unanimity. Malay unity does not and should not mean Malay unanimity.

I look askance at the control freaks currently in charge in Malaysia. They have a penchant for controlling everything and everyone. They would prefer that their followers be like sheep, bleating to their every command and following them blindly. It is a tribute to the enduring qualities of ordinary Malaysians that they are resisting to the best of their ability to maintain their spirit of *merdeka* (independence). Some openly rebel and end up being punished; others pay mere lip service to obedience, yet others affect embarrassing obsequiousness to the powers that be.

Events are with the people, not the leaders. With globalization and the spread of capitalism, the pace of these changes will hasten. It is for these reasons that I urge Malaysia to embrace free enterprise enthusiastically. But as Margaret Thatcher wisely observed in her book, *Statecraft*, there is a difference between doing something for pragmatic reasons (because they work) and doing so out of conviction. Capitalism has proven itself to be the best system to bring the greatest prosperity to the largest number of people. It is also compatible and consistent with our Islamic traditions. Islam began around free markets, and it is time we return to our roots. And do so with great conviction and enthusiasm.

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A Prescription For Malaysia

In 1969, shortly after the traumatic race riot that nearly ripped Malaysia apart, an angry and impatient young politician wrote a most unusual letter to the prime minister at the time, Tunku Abdul Rahman. Written in Malay, the letter used the most polite and deferential language, tone, and form that characterized communications between a peasant and his ruler. It was classic of a feudal Malay society, as Malaysia was at that time. Despite that, the petition could not hide its blunt and trenchant message: The Tunku must go.

Such a frontal challenge to a leader was unprecedented in polite and highly structured traditional Malay society. Malay society prides itself in an orderly and predictable succession. That gauntlet could only have been thrown by someone either unbelievably stupid and reckless or very sure of himself and his assessment of the citizens' mood.

What galled the Tunku was that the challenger was a low level politician who had lost his parliamentary seat in the election that took place just before the riot. Most losers in combat would quietly withdraw to lick their wounds, not come out swinging looking for new adversaries, at least not so soon afterwards! Yet there it was, the impudence and impertinence of a hitherto obscure political backbencher challenging the nation's revered leader amidst a national crisis!

Incensed, the Tunku saw to it that the politician was expelled from the party. Thus was how Mahathir bin Mohamad was stripped of his UMNO's membership.

It was a tribute to the Tunku's basic humanity that he did not do more. He could have easily behaved like the usual Third World leader

and declared Mahathir "prejudicial to the security of Malaysia," and thrown him into the slammer. Or worse. Many a Third World politician have met untimely fatal "accidents." Mahathir in turn was smart enough to lay low and not further provoke the Tunku. If only some of today's adversaries of Mahathir were as smart!

In the end the Tunku did resign, and the ever-wise Mahathir did not crow. After a suitable grace period in deference to the Tunku's sensibility, his successor Tun Razak "rehabilitated" Mahathir and soon after, appointed him to the important position of Minister of Education. The rest, as the cliché goes, is history.

Thanks in large measure to Mahathir, today Malay society is less feudal. Communications between rulers and ruled are no longer formal, rigid, or deferential. They are direct and often frontal, dispensing with the ceremonial and reverential language of the past.

Mahathir is no Tunku, but more to the point, I am no Mahathir. I have simply chosen the following format of a letter to the prime minister merely as a literary device to summarize my book. Nothing more and nothing less! Thus I do not expect a Tunku-like response from Mahathir, nor do I await a Mahathir-like fate.

AN OPEN LETTER TO THE PRIME MINISTER

May 13, 2002

Dear Yang Amat Berhormat Datuk Seri Dr. Mahathir Mohamad, MBBS, SPMJ, DSDK, DP(Sarawak), DUPN, DKNS, SPCM, SPDK, SPNS, SSMT, DUK, DK(I), PIS, DK(Perlis), FICS(Hon), SSAP, DK(Kelantan):

I do hope that I have your titles correct and honorifics up to date. It was so much easier in the old days when you were simply Dr. Mahathir!

You seem invigorated lately by the West's belated recognition of your considerable leadership qualities. While President Bush and others may have been slow in recognizing your talent, rest assured that for many Malaysians, your place in our history books is secure.

No segment of the populace has benefited more from your able leadership than Malays. It must therefore pain you immensely to see in the twilight of your career to have Malays turning against you. You may eerily wonder whether your fate might be like that of your predecessor, Tunku Abdul Rahman. He led the country peacefully to independence; despite that he was later hounded out of office and then ignominiously ignored. The old man later bitterly lamented that even the nation's history books do not mention his name in recounting its path to freedom. It would be sad indeed were you to share Tunku's destiny, a man you so mercilessly tormented 30 years ago. The irony would be providential.

The world has changed since the 9/11 terrorists' attack, and not just in America. Whereas Americans once severely berated you for jailing those extremists, today those same leaders are lauding you for your decisive actions. You rightly see through their hypocrisy, but this time you were smart enough not to vocalize it. Obviously to the West, preventive detention and other flagrant abuses of human rights and due process are fine as long as the targets are anti-Western elements. On your part, you crow about how America is learning a thing or two from Malaysia by adopting some of the elements of the ISA in its new Patriot Act. I disagree with your assessment. The Patriot Act is meant for foreigners, not Americans; the ISA on the other hand is directed against our own citizens. In your enthusiasm for what you think you can teach America, you have missed this essential difference.

As a leader you have given the nation much-needed direction, a vision. Your Vision 2020 aimed at turning Malaysia into a developed and moral society is truly, well, visionary. Unlike many leaders who are consumed with shouting one slogan after another, much like the leader caricatured in Shahnun Ahmad's short story *Ungkapan* (Sloganeering), you have backed up your vision with careful planning and concrete proposals. Indeed I would argue, too much planning and too specific a proposal. There are dangers to both. Let me elaborate.

In the mid 1970s the City of Edmonton, Canada, was planning a massive suburban development. The city planners did something unusual. Instead of planning every detail they merely drew up conceptual drawings. They began filling in the details as development progressed. Instead of building expensive sidewalks and pedestrian paths immediately as was the usual practice for example, the planners left empty spaces. A year after the residents had moved in, the natural pathways that they had chosen would become obvious and the city would then pave the pathways. Thus it avoided paving sidewalks that would rarely be used.

The lesson here is that we cannot always anticipate accurately everything; we must therefore be flexible and ready to modify our plans with changing conditions and on the feedback. In short, we should "plan for the unplanned."

I am skeptical of elaborate plans; the more detailed they are the more detached they would be from reality. I have never been impressed with Malaysia's multitude of Five Year Plans. They have a faint Soviet odor about them. The Seventh Malaysia Plan that began in 1995 was quickly reduced to irrelevance by the economic crisis of 1997. It is naïve to think that every governmental activity could be forced into the same five-year time frame. Five years would be an eternity when dealing with Information Technology. On the other hand for education, a five-year span is too short. Policies on such an important issue as education must never be changed on a whim. The same is true of economic and trade policies. Investors want stability when making long-term investments. It would be smarter for each department or sector to have its own short- and long-term plans, with the time frame to be determined independently.

Thus instead of a flurry of meetings consuming the entire government machinery to the exclusion of its regular work and responsibility, have few select committees or commissions to study and recommend what the long term missions are in specific areas like trade and education, and then develop the short term plans to reach or achieve those goals in steps.

Having said that I am still cautious and skeptical of central planning. The problem with Malays today is that our lives have been over-planned. We have been told to this and that, and then later reversed to that and this. In the end nothing works. We were told that our culture and values hinder us in the modern world, and then told to celebrate and hold high our heritage and ideals. We were told to ignore English and to use our Malay language instead, only to be later told on the importance of English. We are urged to pursue the sciences and yet we do not reward those who do take up the challenge. No wonder our people are confused. We have been yanked back and forth too many times.

As I have never believed that a committee or planning commission can achieve anything meaningful, I set forth my own ideas with a view that they would be a starting point for a national dialogue.

Over the long term Malaysia must commit to joining the global mainstream, and be an active and contributing participant. We must recognize the inevitability of globalization and the further spread of free enterprise. We must also recognize that these two trends would continue to evolve. A generation hence they will assume far different and better forms than what

they are today. If we do not embrace them now, it would be that much more difficult to adjust later when we would inevitably be forced to join the mainstream.

Additionally we should commit to the ideals of a civil and moral society, and strive to be one. By this I mean a society that values individual rights and freedom; is ruled by law and civil institutions, and respectful of the differences among us. Like globalization and free enterprise, the detailed form and shape of a civil society will continue to evolve, modified by time and culture, but the sooner we embrace the concept the better we will be. It should not surprise us to discover that the ideals of a civil society as envisioned by civil libertarians in the West is also very much the ideals celebrated in Islam.

As a nation we are now closing in on our fifth decade. We have come a long way. We are a far different society today than we were a generation ago, in no small measure due to your enlightened leadership. The assumptions we have of ourselves then are no longer valid today, so too are our policies that were based on those assumptions. We need new strategies to meet fresh challenges.

Without being presumptuous I suggest six specific areas we should concentrate on in preparing our citizens for this new reality.

- Embrace the reality of globalization, free trade, and capitalism
- Enhance the competitiveness of all Malaysians
- Strengthen our laws and civil institutions
- Buttress our social fabric and safety net
- Optimize our natural attributes
- Empower our people

By committing to globalization we are sending a clear message not only to our citizens but also the world that Malaysia is now adopting international or universal standards. We no longer accept that being "good enough for Malaysia" is good enough.

We are already doing many of these things. There is however, a significant difference in doing something grudgingly or because we have to, and doing them because we are committed to the ideals. It's all in the attitude.

Right from the very beginning Malaysia wisely eschewed socialism, although we have not shied away from massive state interventions in the private sector. Initially the rationale was to achieve social and racial equity, but like so many government initiatives, these programs have a life and momentum of their own. Thus even though they have proven to be not the most effective ways of addressing the problems as well as their massive price tags, nonetheless they have persisted and expanded through sheer momentum.

You insist that the "commanding heights" and strategic sectors of the economy be under local or even public control, in the belief that they are too important to be left in the private sector or foreign hands. I disagree. I have no qualms were Malaysia Airlines (MAS) and our giant utility companies like Tenaga Nasional and Telekom Malaysia be controlled by foreigners. The job of our government should be to ensure that we have enough trained Malaysians to be their executives, professionals, and technicians. There is no point in MAS being government-owned if it is a drain on the Treasury or if its local managers are incompetent. Our precious and limited resources ought to be diverted away from owning these expensive companies and instead directed towards developing our most precious asset: our people. Once we have an abundance of trained and capable personnel then it would be easy for us to start our own local ventures. What you are now doing is putting the cart before the horse. That has never worked and never will. Your ambitious Multimedia Super Corridor project bogs down for lack of competent personnel.

Your preoccupation with and frequent harping on the Bumiputra and non-Bumiputra rivalry is shortsighted and counter productive. We should make all Malaysians competitive. We should look upon each other not in terms of the Bumiputra and non-Bumiputra dichotomy, rather as potential clients, customers, and business partners. We would achieve this best under free enterprise. To a businessperson it does not matter where his profits come from: locally from his own kind or from foreigners.

I totally disagree with your characterization of globalization as a vehicle for Western hegemony or that it would destroy our way of life. We are more likely to maintain and indeed enhance our culture and heritage if we are successful economically. If we were marginalized economically, our culture and language too would suffer the same fate. If we do not climb on the globalization train now we will be left behind economically. We would also be more tolerant and altruistic when we are prosperous and affluent than if we are poor and struggling. This applies to government as well.

Yes, globalization carries its own risks and problems. There are many shoals and reefs in the ocean of globalization. The best way to handle that is to train our citizens to be better sailors and navigators, not to remain in port. To extend the maritime metaphor, yes there will be swells and storms out there; our crew must therefore be adept at trimming the sails and battenning the hatches.

You justify harsh and restrictive rules like the ISA on the fear that our present stability is fragile, and that with minor disturbances we would regress. I cannot blame you for this attitude. One needs only look at previously prosperous and stable societies now reduced to their backward status through social unrest. In the 1950s Lebanon was the jewel of the Middle East. Its American University in Beirut was the breeding ground for fertile Arab intellectuals and scientists. A generation later the very survival of that nation is in doubt. Yugoslavia only recently hosted the glittering Winter Olympic Games at its breathtaking mountain city of Sarajevo; today that nation no longer exists.

I am cognizant of those realities; nonetheless we cannot launch into the next trajectory of development unless we change our precepts. If we constantly fear of falling back, we will never be able to scale the top of the mountain. As the late Malay scholar and philosopher Hamka succinctly put: *Takut gagal adalah gagal sejati* (The fear of failure is the real failure). The next phase of progress requires a whole set of different skills and assumptions. What once worked will no longer be so, indeed they will become obstacles. Special privileges may have once been successful in improving the lot of Bumiputras, but clearly that program has now "maxed out." Unchanged it will be more hindrance than help.

At the 2001 Annual UMNO General Assembly you once again saw fit to publicly castigate and upbraid Malays for not measuring up. You sermonized, cajoled, begged, and even cried to make us change our ways, but in the end none of that worked, or so you believe. After leading us for over two decades you still feel that we have not changed or successfully adapted to modern ways. At that assembly you used exactly the same derogatory language against us as you did thirty years earlier in your book *The Malay Dilemma*.

All too often when your policies fail, your knee-jerk reaction is to immediately blame the people. You never cease to derogate us. Not once do you pause to ponder that may be, just may be, it is your policies and strategies that are wrong. Had you done so, your policies would have been more imaginative, their implementations more creative, and the results more to your expectations.

Contrary to your perception, we Malays have changed. If I may respectfully suggest, it is you who have not. You still insist on leading us in the same old ways. Excuse my brazenness; I suggest that instead of continually berating and scolding us, you try a different tack. Liberate us. Give us more freedom to be ourselves. Grant us our *merdeka* (independence). You have tried everything else and in your estimation, they have failed. Empower us instead.

There will be some of us who will make mistakes and fall by the wayside, but I can assure you that many more will succeed. When they do, reward them appropriately, not so much to encourage them (success is reward enough, they do not need a pat on the back from politicians and leaders) but to encourage others to emulate them. Make them the new role models and national heroes. For those unfortunate few who fail, if you cannot offer them encouragement, then just shut up. Let their failures be reminders to them and to others.

All too often you have rewarded mediocre Malays. You are easily mesmerized by the glibness of others. You listen only to those who are eager to tell you what you want to hear. You have been had. I need not remind you of the agonizing pain your many chosen protégés have caused you and the nation. Anwar Ibrahim is only the most prominent and most hurtful. There are many more as you are now finding out, much to your sorrow.

Had you cast your net far and deep, you would have avoided this predicament. We will never know where and when the next spark of genius will arise. One thing we do know from experience: Malay leaders right from the sultan in Hikayat Abdullah's times to the present are poor spotters of talent. Your own considerable leadership capability was long ignored. Indeed there was a time when you were considered a disruptive element, or worse, a *derhaka* (traitor). Only the wisdom and foresight of your predecessors Tun Razak and Hussein Onn saved you. Had the Tunku been as ruthless as you are today with your opponents, your fate would have been far different. More significantly, so too would the nation.

While your fawning ministers (and minister wannabes) may still dutifully praise you when you castigate and chastise us, I am deeply offended. Significantly, the rest of Malaysia merely yawned, they have heard those same lectures one too often. What is particularly galling is that while you continually badger us to change, you yourself are stuck in your own feudal mentality and *kampung* (village) ways. While you with nauseating frequency exhort us to be thrifty and frugal, your own ostentatious lifestyles and other vulgar displays of wealth grate on us. Your "People Palace" at Putrajaya makes the White House a mere mansion. You lecture our young to opt for

science, but you cannot even convince your own children to do likewise. You hector us to be *berdikari* (self reliant), but your kin and kind are the first to hog the public trough. You are not even embarrassed that your children are receiving scholarships and subsidized study loans. You decry "money politics;" alas, UMNO degenerated into its present graft-ridden and patronage-laden culture while under your watch.

Malaysia enjoys unprecedented economic growth and spectacular improvement in its standard of living under your leadership. With prosperity comes greater tolerance. Under a different set of circumstances, our race alchemy could have easily exploded into another Bosnia. Instead, Malaysia today is a model plural society, a tribute to your enlightened stewardship. These together with your economic management (recent economic setbacks notwithstanding) are worthy achievements with few comparisons. No leader could achieve such extraordinary feats without the implicit trust and consent of his followers.

Such consent and trust however, are not without limits. And having experienced such superlative achievements, Malaysians would not now settle for mere satisfactory performances. Expectations have rightly risen. Unfortunately you do not sense this and continue to preach the same sermon.

Yet I do not give up hope. It is within you to make changes when you feel you need to. Who would have thought a Malay *ultra* (chauvinist) of the 1960's would now command such wide and genuine support from non-Malays? More recently you took the most painful step in firing your long-anointed successor. You paid a steep political price with that courageous act; history may well regard that to be your greatest contribution. Anwar is an Islamic fundamentalist masquerading as a secularist; his policies would have been disastrous for multiracial Malaysia. You saved the nation.

Likewise you have successfully nursed the nation back to its economic health. And you did not so by defying the conventional wisdom. Your earlier defiance brought much condemnation and ridicule; your later success, much praise and yes, also awe. I too revel in that reflected glory of your success.

You remind me of the brilliant surgeon who skillfully managed the life-threatening complication in his patient. Every one was suitably impressed and in awe of his virtuoso performance. That is until someone one quietly asks that basic question, "Doctor, how did your patient get that complication in the first place?"

Yes, you saved the nation both politically and economically. And yes, Malaysians are grateful for your brilliant deeds. Much as I praise your successful salvage operations, the gnawing questions remain. How did Anwar

get to be where he was? How could you and the system allow such a flawed character to rise so far and so fast? Likewise, how could a mere currency speculator nearly cripple the country's economy?

Today you are busy attending to the nation's business. Rightly so, but I do hope that you ponder these questions and answer them in your memoirs. Subsequent generations need to learn the lesson.

In the remaining years you must concentrate not on party or policy, but on personnel. You once quipped that you would like to be succeeded by your clone. Alas, there is no young Mahathir out there. Sadly, this more than anything else is the most glaring failure of your leadership.

Finding the next cadre of leaders will not be easy. While previous generations were inspired by the struggle for freedom, no such inspirations exist now. Today's young Mahathirs, if they have not already succumbed to the lures of the First World, are busy pitting their talent in the highly lucrative private sector.

You must make a personal and concerted effort at talent scouting. Fortunately, again thanks to the successes of your very policies, there are many capable Malaysians. Finding them would not be difficult, but enticing them into public service would be the challenge. There will be a few who, having reached the peak of their career and having put aside a comfortable nest egg, would consider public service a noble calling. Grab them. Under your masterful tutelage, these fast learners would grasp the political skills soon enough. You will also find them to be a different breed from the ones currently serving you.

Should you restrict yourself to your party, there will be slim pickings. Your track record at talent scouting thus far, to put it charitably, is less than spectacular. You had better luck recently with your choice of a new chief justice in the person of Dzaidin Abdullah. That one wise pick did more to enhance the judiciary than all your speeches. This should remind you of the importance of personnel.

The legacy of a parent is their children; a leader his successor. There is ample time yet for you to enhance your legacy and with it, to secure the nation's future.

You have repeatedly grumbled on the lack of Malays in business, and just as predictably, you have denigrated Malay aptitude for and competence in commerce. I again respectfully suggest that you have it all wrong. Malays are indeed shrewd businessmen, Malaysian style that is. The role models you have provided them have been the Halim Saads and Tajuddin Ramlis. These individuals are handsomely rewarded not for their expertise or entre-

preneurialism, rather on their coziness with you. Other budding entrepreneurs learn quickly that to succeed they too need not pay attention to their clients and customers but suck up to the politically powerful. The road to riches in Malaysia is not through creating and building, but getting the right contacts and contracts. You have created a class not of builders and creators, but of rent collectors and parasites.

You frequently lamented to the faithful on the evils of money politics. You have now finally admitted the obvious: UMNO is corrupt to the core. It is no longer only a political party, but a massive and insatiably greedy patronage system. The most comical, if not bizarre, episode was when UMNO Vice President Muhammad Taib, too, condemned corruption. This from a man who was caught with millions in cash in his back pocket! Next you will have Mona Fendi [the woman who killed a senior politician out of greed and lust] lecture us on personal morality! Do you ever wonder why such messages fall on deaf ears?

You were shocked that in the last election only non-Malays appreciated your brilliant stewardship. Malays were, to paraphrase you, stupid and ungrateful. It finally dawned on you that your party has lost the support of Malays. It took you and your fellow party leaders this long to appreciate this fact, as the loss was not reflected in the number of parliamentary seats your party won. You were shrewd enough to spare your party a humiliating thrashing through smart political maneuvering. You wisely called the election just before thousands of newly registered young and disillusioned voters became eligible. Others may carp but I salute your brilliant political move. Such tricks however, only work once.

It is my contention that Malays voted for PAS not because they were enamored with that party or that they were impressed with its leadership, rather they were fed up with the corruption (or money politics, as you euphemistically phrase it) of UMNO.

The next election will be different. If your party does not change radically there will be an implosion. Although I predict that your party will again return to power, it will be denied its two-thirds majority. UMNO will suffer the humiliation of winning fewer seats than PAS. To add insult to injury, your home state of Kedah will fall to PAS. To rub salt on a raw wound, your long-held Kubang Pasu seat, should you not contest it, will also go to the opposition.

Nothing would please me more than to be proven wrong. Perversely the 9/11 terrorists' attacks on America could prove to be your and your party's savior. No, it has nothing to do with your swift condemnation of those abominable acts—you were absolutely right in quickly denouncing those

despicable terrorists—rather it has everything to do with the unbelievably stupid reactions of the leaders of PAS. I have never been impressed with the senior leadership of that party, and their behavior following those horrible tragedies merely confirmed my worse suspicion of them. I have every reason to believe that they will continue their present pattern. But it would take more than the floundering of PAS to reverse the fate of your party.

Malaysians have changed and you can rightfully claim credit for many of those changes. But you are now like an insecure mother who does not notice the subtle changes in her brood, and continue to force-feed them the same pablum to her fully grown children. And when they protest or rebel, she puts on a guilt trip about being ungrateful. Wise parents recognize that the chidings and reprimands that work in childhood are counterproductive on teenagers and grownups.

Instead of continually berating us, I suggest that you provide us with the necessary ladders and safety net. With enough ladders our people will climb up without your having to exhort them. With an adequate safety net below they will be further emboldened. But do not repeat the mistakes of Western democracies by making too elaborate a social safety net. Too comfortable a safety net and it becomes a hammock, and Malaysians would then succumb to our own version of the "British disease" of social welfareism rampant during the pre-Thatcher era. In many ways our special privileges are doing that now to Bumiputras. The programs are becoming too cushy; they lull instead of invigorating Malays.

One such ladder would be an excellent school system and relevant curricula. We must make all our young fluently bilingual, science literate, and mathematically competent, whether they want to be a scientist or an *alim*. You have concentrated on physical infrastructures in the past. Now I implore you to emphasize our most precious assets—our people. You are mighty proud of our airport being among the best, we should likewise aim for our universities and schools to be the same.

You never miss to take foreign visitors to see your new pride and joy, the Petronas Twin Towers. Sadly, the only thing Malaysian about that monument is the land on which it is built. Everything else, from the design to the laying of the bricks, was done by foreigners. Wouldn't it be nice if our universities and research centers too were of such eminence that foreigners would want to visit them?

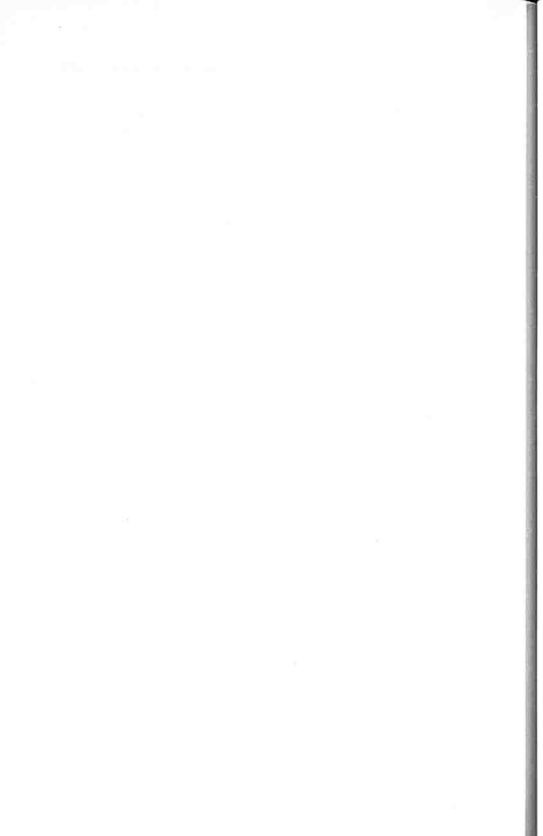
You have repeatedly reminded us of Allah's bounty on our land. Not only are we spared many of nature's calamities, we are also blessed with some of the richest resources. Our warm waters and pristine beaches are the envy of the world; they would be prime tourist destinations especially for

those from the West. You repeatedly sent trade missions to the West to drum up potential investments. But we cannot begin to attract tourists or investors if we continually denigrate their culture. We have enough problems of our own culture; there is no need for us to lecture others. Besides, they have their own critics who are much more eloquent and effective. Quit worrying about the degeneration of the West and concentrate instead on Malaysia's problems.

So the next time you address us, consider this. If you think that we have not changed under your leadership for the past twenty years, it is unlikely that we would ever do so in the few remaining years you have. Relent. Encourage us instead; it might just work. Do not besmirch your wonderful legacy by having us remember you as other than an esteemed leader.

Yours truly,

M. Bakri Musa



About the Author

M. Bakri Musa

Malaysian-born Bakri Musa writes frequently on issues affecting his native land. His essays have appeared in Malaysian publications like *The New Straits Times* as well as foreign ones like *Far Eastern Economic Review*, *Asiaweek*, *Businessweek*, and *International Herald Tribune*. His commentary has also aired on America's National Public Radio's *Marketplace* program. He has a regular column, *Seeing It My Way*, in the Internet daily *Malaysiakini.com* (Malaysia Today).

His first book, *The Malay Dilemma Revisited: Race Dynamics in Modern Malaysia*, was a bestseller at the University of Malaya campus as well as on Amazon.com's geographic areas of Malaysia and Singapore.

Bakri's day job (and frequently night time too!) is as a surgeon in private practice in Silicon Valley, California. He and his wife Karen live on a ranch in Morgan Hill.

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